2024

ABA NEWSLETTER

March Issue

ASIAN BANKERS ASSOCIATION

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About ABA

Bankers with presence in Asia took the first step toward forging closer regional links when 217 representatives of 139 banks met in Taipei in May 1981 to formally establish the Asian Bankers Council as one of the Product and Service Councils of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI). The countries represented included Australia, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, the Republic of China (Taiwan) and Thailand.

The Taipei meeting was the largest gathering of bankers with Asian presence to be convened in the region at that time. CACCI sponsored the meeting with the view to exploring banking opportunities in Asia and to enhance the role of bankers in the economic development of the region.

The ABA aims to provide a forum for advancing the cause of the banking and finance industry in the region and promoting regional economic cooperation. Its primary objectives include the following:

- To provide a venue for an exchange of views and information on banking opportunities in the Asia-Pacific region;
- To facilitate the meeting of bankers in the region in an atmosphere of fellowship and friendship;
- To encourage joint activities that would enhance the role of its members in servicing the financial needs of their respective economies and in promoting regional development; and
- To undertake projects that will encourage trade, industrial, and investment cooperation in the Asia-Pacific region.

ABA Announcements

ABA Planning Committee Meets to Discuss Preparations for the 2024 ABA Conference

The 2024 ABA Planning Committee met virtually on March 13, 2024, starting at 2:00pm, Taipei Time. The meeting primarily discussed preparations for the 40th ABA General Meeting and Conference, which is to be hosted by CTBC Bank Ltd. in Taipei, Taiwan.

Presided by ABA Chairman Mr. Morris Li, Chairman of CTBC Bank Co., the online meeting was attended by ABA Board members and representatives of ABA member organizations.

Among the issues taken up during the meeting were the dates of the Conference, the Conference format, the Conference theme and topics, and possible speaker line-up. In this regard, the Committee:

- Confirmed November 18-19 as the dates for the 40th ABA General Meeting and Conference, as proposed by CTBC Bank
- Endorsed CTBC Bank's recommendation to hold the 40th ABA General Meeting and Conference at Grand Hyatt Taipei.

As regards the Conference theme and topics. the Committee noted the suggestions submitted earlier by members and agreed that they comprise very timely, relevant, and wide-ranging topics of current concern to the region's business sector, namely: (a) Sustainability ESG/Green Financing; (b) Digital Transformation / Generative AI; (c) Cyber Security / Customer Fraud; (d) Banking Transition; and (e) Refocusing on Changing Customer needs and CSR issues

Chairman Li requested the ABA Secretariat to formulate the theme and topics, taking into account the suggestions and comments made by the Committee, and submit these to the organizing team for review and further comments. These will then be forwarded to the Committee members for additional input, if any, including their suggestions on speakers for the agreed topics.

The Committee members also noted the submissions made on possible Conference speakers. However, they agreed that the speaker line-up can be considered only after the Conference theme and topics are finalized. The ABA Secretariat was tasked to coordinate with the organizing team and the other members of the Planning Committee on their suggestions for speakers.

The Committee also approved the 2024 Work Program of the ABA Policy Advocacy Committee, as presented by its Chairman Mr. Austin Chiang, Chief Strategy Officer of CTBC Bank Ltd., and noted the ABA activities lined up for 2024.

ABA Policy Advocacy Committee approves 2024 Work Program

The ABA Policy Advocacy Committee, which is currently under the chairmanship of Mr. Austin Chiang, Chief Strategy Officer at CTBC Bank. looks forward to another activity-filled year ahead with a number of policy issues to address as part of its advocacy work in 2024.

During its first meeting for this year held online in conjunction with the March 13 meeting of the ABA Planning Committee, the ABA Policy Advocacy Committee approved its Work Program for 2024.

As agreed by the Committee, its Work Program this year will have three primary objectives which are expected to be achieved through the following activities:

A. Promoting modernization of banking technology for a future-ready operating platform and enhanced cybersecurity through:

a. Sharing of information, experience and practices on banks' technology modernization efforts to enhance operating quality, time to market, and cyber security

b. Sharing of information and experience in dealing with and protecting one's organization from customer fraud, including drivers to identify potential fraud, steps to take after discovering fraud, and how to mitigate its impact on the bank and to general customers.

c. Sharing of information, experience, and practices in implementing zero-trust cybersecurity framework in banking, in response to increase of cyber threats accompanying digitization, open banking, and banking on cloud

d. Promoting more active engagement with regulators across countries for deregulation on modern technology, such as banking on cloud, and government support on issues of customer fraud and cyber threats.

B. Promoting and sharing of information on AI use cases and AI

technology implementation in banking through:

a. Sharing of information on key trends and developments in AI Technology Application in banking

b. Sharing of experiences in AI use cases and business impact, exploring emerging AI issues, such as explainable AI, ethical AI, and data privacy.

c. Promoting more active engagement with regulators across countries on emerging AI regulatory compliance framework, to support AI implementation in banking, fairness in customer treatment, and data privacy.

C. Exploring concept and roadmap of net zero banking under COP28 conclusion and institutional investor expectation on Science-Based Target (SBT) commitment for banks through:

a. Sharing of information, experience and practices of SBT commitment, banking decarbonisation target setting, roadmap development, implications on long-term portfolio transition and potential trade-off.

b. Sharing of experience and best practices of member banks' efforts and initiatives in capturing growth opportunities under net zero banking, such as renewable energy financing, corporate supply chain decarbonisation financing, product innovation for transition financing.

c. Sharing of information, experience and practices in corporate lending negative screening and subsequent corporate engagement, to encourage corporate clients taking more proactive approach in decarbonisation and corporate sustainability.

d. Sharing of measurement practices of climate risk as a new primary risk factor, to help banks evaluate potential impact under long-term climate change scenarios and prepare for relevant mitigation actions

e. Promoting more active engagement with regulators across countries to provide regulatory incentives and relevant support in helping banks move toward net zero banking targets.

The Committee will be soon be approaching member banks whom it deems to be n a position and the experience to prepare the position papers on the above-mentioned policy issues.

The Policy Advocacy Committee was created by the ABA Board of Directors in 1999 to discuss, develop and advocate positions to be taken by the association on policy issues affecting its members and the banking industry in general.

Committee Chairman Mr. Chiang is responsible for strategic planning in CTBC Bank. Before his current role, he was a Princial in Boston Consulting Group, with seven years of consulting and strategic planning experience for international and Asian financial institutions.

David Hsu Retires as ABA Secretary-Treasurer

Mr. David Hsu will be retiring as Secretary-Treasurer of the Asian Bankers Association (ABA), effective April 1, 2024.

Mr. Hsu leaves the ABA Secretariat after a service of two years. He assumed the position on April 1, 2022.

In his letter to ABA members notifying him of his retirement, Mr. Hsu conveyed his thanks "for the kind support and cooperation that you have extended to me and the ABA Secretariat during my tenure as Secretary-Treasurer from April 2022 to March 2024. It has certainly been a great and distinct honor and privilege for me to work with you and your Bank over the past two years."

Prior to joining the ABA Secretariat, Mr. Hsu was Director at the Professional Training Center of Taiwan's Ministry of Economic Affairs (MOEA). Over the years, he has served in various official capacities at the MOEA, and had been posted in various countries both in and outside the Asian region. He was the Economic Director at the Taipei Economic and Cultural Office (TECO) in Jordan from 1992 to 1995; Commercial Director of TECO in Toronto from 2000 to 2008; Economic Counselor of the Taiwan Embassy in Panama from 2002 to 2006; Economic Director at the TECO in India from 2009 to 2013; and Director of the Economic Division at the TECO in Malaysia from 2018 to 2020.

In Taiwan, some of his most notable positions at the MOEA included serving as Director of the International Cooperation Department from 1997 to 1998; as Director of the Small & Medium Enterprises Administration in 2006 to 2008; as Director of the Bureau of Foreign Trade from 2008 to 2009; and as Deputy Director General of the Bureau of Foreign Trade from 2013 to 2018.

ABA & ICA held webinar on "Exploring the APAC Fraud Landscape"

The Asian Bankers Association (ABA) and the International Compliance Association (ICA), an ABA Associate member, held a webinar on "Exploring the APAC Fraud Landscape: Current Trends, Challenges, and Future Paths for Asia Pacific Banks" on March 7, 2024 at 2pm Taipei Time.

Fraud remains an ongoing challenge for banks in the Asia-Pacific (APAC) region, with fraudsters continuously advancing in sophistication and tactics.

The 60-minute webinar featured four experienced bankers and experts discussing critical fraud issues in APAC such as:

a. Proactive strategies for enhancing your detection and prevention efforts
b. Insights into the evolving fraud landscape, including trends and typologies shaping 2024 - covering bank impersonation, social engineering, payments fraud, mule accounts, organized scam rings, and cross-border fraud
c. Success stories and case studies showcasing effective approaches
d. Analysis of the regulatory landscape and global developments that may influence APAC

The participants learned how to stay ahead in the fight against fraud with practical tips and actionable guidance from seasoned industry experts.

ABA and Fintelekt co-organized "Certified AML/CFT Professional Training Programme"

The Asian Bankers Association (ABA) and Fintelekt Advisory Services, an official ABA Knowledge Partner, co-organized the "Fintelekt Certified AML/CFT Professional Training Programme" on March 20-21, 2024 to be held in the Hotel Aloft Bangkok Sukhumvit 11 in Bangkok, Thailand.

The two-day programme was relevant for bank staff from the AML Compliance, Regulatory Compliance, Financial Crime, Trade Finance, Remittances, Payment Systems, Retail Banking, Wholesale Banking, Digital Banking, Technology, Cyber Security, Audit, Legal, Strategy and Corporate Governance departments.

Participants who attended all sessions and passed the assessments were entitled to receive the Fintelekt Certified AML/CFT Professional (FCAP) certificate. FCAP members earn the right to use "FCAP" as a designation against their name, signifying specialist knowledge, industry leadership and commitment to AML/CFT compliance.

What is FCAP?

Fintelekt Certified AML/CFT Professional (FCAP) is designed as a comprehensive and practical master class for aspiring and practicing AML/CFT professionals to learn and stay updated with latest tools, techniques and developments in anti-money laundering and combating terrorist financing.

ABA & BioCatch host "The Need for Advanced Analytics for MULE Detection" Webinar

The Asian Bankers Association (ABA) and BioCatch jointly organized a webinar on "The Need for Advanced Analytics for MULE Detection" on 27 March 2024 at 14:00 SGT.

The webinar aimed at giving bankers and financial specialists a comprehensive analysis of Mule accounts because they are vital components of fraudulent operations, enabling the laundering of money and facilitating criminal activities.

The 60-minute webinar featured Mr. Edgar Zayas, Director Global Advisory at BioCatch who elaborated on the tailored approaches with advanced analytics required to detect these accounts due to the diverse behaviors and objectives of money mules. Traditional fraud detection methods often identify mules only after transactions occur, leading to increased investigation time and operational costs.

The presentation focused on how to:

- Stop the mule and stop the fraud, and how combating fraud starts with mule accounts
- Use big data analytics for identifying patterns and anomalies
- Apply behavioural biometrics to detect and mitigate mule accounts

The webinar was highly informative and valuable for bankers.

BioCatch (www.biocatch.com) 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.

SMBC Hosts ABA Short-term Visiting Program

Sumitomo Mitsui Banking Corporation (SMBC) successfully hosted a Short-Term Visiting Program held on February 20-21, 2024 at its headquarters in Tokyo, Japan, with 12 representatives from seven ABA member banks in attendance.

During the first day of the two-day program, SMBC officers shared their experience, expertise, and best practices on various aspects of banking operations, particularly in the areas of Global Banking, Retail Banking, SMBC's Sustainability Initiatives, and an overview of the Japanese Economy and Financial Market. Field visits were also conducted on the second day, with the participants visiting SMBC Nihombashi Branch, The Bank of Japan, and the Japanese Bankers Association.

February 20 Program

Mr. Kazuya Ikeda, Managing Executive Officer, General Manager, Staretgic Planning Dept., Global Banking Unit, gave the Welcome Remarks. Mr. Ikeda said that maintaining strong relationship with other Asian banks is important to SMBC, thus the bank values its ties with the Asian Bankers Association (ABA). He stated that the Short-Term Visiting Program, the second one organized by SMBC since joining the ABA (with the first one held in 2013), would not only enable the participants to gain information from the speakers but also allow them to expand their networks.

Mr. David Hsu, Secretary-Treasurer of ABA, gave a brief introduction on the ABA and its activities. He highlighted that the primary objective of ABA's Short-Term Visiting Program is to provide member banks the opportunity to study and undergo training on specific aspects of the operations and facilities of the more advanced host banks such as SMBC.

The Bank officers who made presentations on the first day included the following:

- **Mr. Tsuyoshi Yamaguchi**, General Manager, Strategic Planning Group, Global Banking Unit, gave a brief rundown of the two-day program, provided some house rules, and requested each participant for a brief self-introduction. He then proceeded to make a presentation on SMBC - its history, its current operations, and its future policy directions and growth strategy. He also served as the Moderator of the morning session.

- **Mr. Takashi Masatoki**, Group Head, Strategic Planning Group, Strategic Planning Dept., Global Banking Unit; Mr. Takuya Omura, Joint General Manager, Asia Growing Markets Dept;

- **Ms. Reiko Mori**, General Manager, Global FIG Dept., shared SMBC Group's Medium-Term Management Plan, an overview of its Global Business Unit and the Business Strategy of the Global Business Unit, including its efforts to achieve a multi-franchise strategy and the strengthening of its overseas business;

- **Ms. Chivers Yoko**, General Manager, Sustainable Solution Dept., explained the SMBC Group's Sustainability Initiatives, including an overview of its transition plan to realize net zero, enhancement of phase-out strategy for the coal sector, efforts to reduce portfolio GHG emissions, supporting customers' transition and innovation, providing decarbonization support tools using digital technology, and participating in a variety of public and private initiatives.

- **Mr. Bohan Zhang**, Economist, Planning Dept., Global Markets & Treasury Unit, provided an overview of the Japanese economy and financial market, highlighting the domestic situation in Japan, key takeaways on the overseas economy, and an economic and financial market forecast for 2024-2025

- **Mr. Nobuhiko Satake**, General Manager, Planning Dept., Retail Banking Unit, elaborated on SMBC Group's Retail Business, providing an overview of the business environment, Medium-Term Management Plan, the Bank's Olive Concept aimed at building a digital-based retail business, and the Group's Hybrid Channel Strategy, wealth management business, and payments business and consumer finance.

- **Mr. Kazuhiro Fukuda**, Executive Officer and Deputy Head of Global Banking Unit, delivered the Closing Remarks on behalf of SMBC, thanking the participants for their presence in the program and expressing his hopes that they have learned from the presentations about the Bank and its various banking operations and strategies.

- **Mr. Amador Honrado**, Deputy Secretary of ABA, in his Closing Statement expressed his appreciation to the officers and staff of SMBC for their support of this important training activity of the ABA. He also hoped that the program has given the participants the opportunity not only to benefit from SMBC's experience and expertise, but also to establish strong relationships with their colleagues from SMBC and other participating countries.

- **Mr. Junya Takagi**, Joint General Manager, Global FIG Dept., served as Moderator for the afternoon session.

The first day ended with a presentation of Certificates of Attendance to all participants by Mr. Takagi and Mr. Hsu.

During the course of the first day, the participants were given a tour of the premises of SMBC head office.

Training Programs

February 21 Program

The second-day program consisted of the following activities:

Visit to SMBC Nihombashi Branch

The program participants visited the Nihombashi Branch of SMBC where they were given a briefing by the branch officers on SMBC's channel strategy, particularly on the three concepts followed by the Bank in reforming its branch operations. These concepts essentially include: (a) changing the way the Bank serves its customers; (b) changing the administrative processes; and (c) changing the store formats.

The visiting participants learned that in the old branches, staff were situated behind long counter, with back-office staff seated at desks two or three rows further back, and consultation booths were located next to the counter.

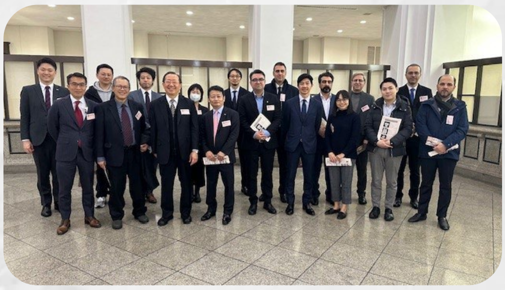
In the new, next-generation branches, back-office functions are now centralized into outside centers to free up space in the branch for customers. The large lobby has (a) advanced ATMs which can handle tax payments, (b) large spaces for customers to proceed with their business using tablet devices; (c) open consultation booths, and (d) a Premium Zone, with private rooms for consulting services. The current medium-term management plan for branches – mainly involving digital-real hybrid operations - was also shared by the Nihombashi branch officers.

Visit to the Bank of Japan

Following the visit to SMBC Nihombashi Branch, the participants proceeded to the Bank of Japan, where they were given a tour of the important sections of the historical premises while being given information on the history of the operations of Bank of Japan and its current functions and organization.

They were also given access to the Bank of Japan's original underground vault, where they were shown the vault doors, the original floor, walls and ceiling, and the facilities of the vault. They also had the opportunity to examine the bank notes that are produced by the Bank.

Visit to the Japanese Bankers Association



From the Bank of Japan, the participants visited the Japanese Bankers Association (JBA) and met with its officers led by Mr. Masaaki Misawa, Deputy General Manager, Planning and Coordination Dept.

Mr. Misawa briefed the visiting ABA member banks on the activities of JBA and its role in promoting the interest of its members and the Japanese banking industry as a whole, including its recent initiatives and international relationships.

The ABA visitors expressed their hopes of working more closely with JBA in bringing Asian banks together for advancing the cause of ABA member banks and of the banking and finance industry in the region and promoting economic cooperation.

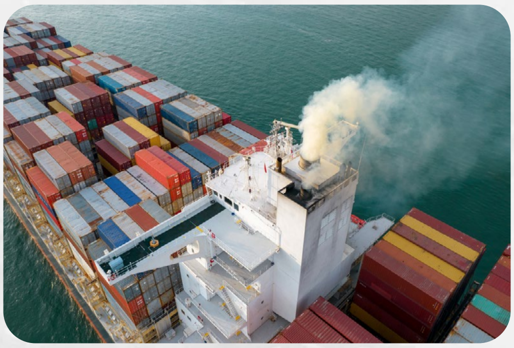
About SMBC

SMBC was established in 2001 through the merger of The Sakura Bank, which originated from the Mitsui Family and was founded as Mitsui Bank in 1876, and The Sumitomo Bank, which originated from the Sumitomo Family and was founded in 1895. It is the second-largest bank in Japan in terms of total assets and market capitalization. Along with MUFG Bank and Mizuho Bank, SMBC is referred to as one of Japan's three major megabanks.

SMBC Group operates in over 40 countries and maintains a presence in all International Financial Centres as the 12th biggest bank in the world by total assets. It is one of the largest global financial institutions in project finance space by total loan value.

News Updates

Asia Braces for EU shipping Decarbonisation Ramp Up



Starting from the beginning of 2024, the European Union's (UN) emissions trading system (ETS) has been expanded to cover maritime transport emissions. This means that the shipping industry is officially included in the 'cop-and-trade' carbon market system – which means being required to purchase and surrender their emission allowances by a certain time in the following year.

That said, shipping companies will be required to buy and use their ETS allowances in 2025 for at least 40% of the emissions reported in 2024. The portion will be lifted to 70% in 2026, targeting such shipping emissions in 2025.

The rules apply to cargo and passenger ships of or above 5,000 gross tonnages (GT) that call at an EU part, and will expand to also cover offshore sups of or above 5,000 GT in 2027.

Roger Holm, President, Finland-based Wärtsilä Marine and Executive Vice President, Wärtsilä Corporation, said that EU's ETS expansion represents a landmark moment for the shipping industry, both within the UE and across the globe.

This brings great spillover effects for buyers and suppliers in Asia, he explained.

The ETS regime takes into accounts 50% of the emissions produced in voyages between an EU member state port and one outside of the jurisdiction, for example, between Shanghai and Rotterdam.

"This poses a challenge to shipowners globally to keep up to speed on emissions reporting, as well as evaluating the impact on charter party agreements," Holm said.

As a short-term result of the new rules, "we could see trade in Europe impacted as globally based companies look to avoid incurring additional costs; or see these passed on downstream to customers," he continued.

Asia Pacific (APAC) has been similar carbon pricing markets being established, including Singapore's carbon tax; South Korea's nationwide ETS; and China's national ETS regulating the power sector. However, none have specifically targeted the shipping industry.

"Regulation is a strong driver of change, and we believe the EU is sending the right signals to the markets globally on the urgent need for scaling up alternative, cleaner fuels," Hold said.

High Costs

Decarbonising the sector that consists of 80% of the world's merchandise trade is not a cheap task. The United Nations Conference on Trade and Development (UNCTAD) has estimated that doing so by 2050 would require an average annual cost of between \$8 billion to \$28 billion.

The adoption of carbon-neutral fuel, which includes hydrogen, biodiesel and natural gas, stands at the centre of shipping decarbonization. This approach will lead to an additional staggering annual cost of \$28 billion to \$90 billion due to infrastructure needs.

"Whilst other industries can gradually roll out the latest in technology and innovations when the time is right changing and upgrading large vessels and ports is a much more costly and complicated endeavour," Holm said.

Sine July 2023, the International Maritime Organisation (IMO) has adopted since a revised strategy to reduce greenhouse gas emissions in the sector to zero by around 2050.

As a start, the association identified the need for port infrastructure upgrades to support renewable fuels. Then includes the need for corporate' logistics chain optimization, research and development activities to address marine propulsion, and technologies to enhance energy efficiency.

"The regulation and policy landscape, in particular, is ever evolving, both at an industry level through the likes of the IMO, to regional levels such as the EU ETS," Holm said.

"There's also confusion around the scale of change that's needed, and a fear of making the wrong decisions."

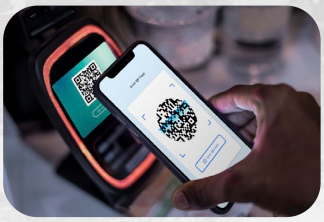
A safe, but possibly costly, bet for corporates with high shipping reliance would be established clear decarbonization goals and working with ship operators that are aligned with emission standards, he suggested.

For example, organisations such as Cargo Owners for Zero Emission Vessels (coZEV), an initiative where cargo companies join hands to accelerate transition to zero-emission maritime shipping, have seen big name customers such as Ikea, Amazon and Unilever.

But as carbon policies in a majority of markets in Asia remain at an early stage, starting to draft plans towards more sustainable and diverse sourcing to decarbonize the value chain seems a more practical first step to managers in Asia.

Corporate Treasurer

APAC Embraces QR code payments: Hong Kong leads the charge in 2024



Payment Asia, APAC leading payment solutions provider, recently released Hong Kong's annual payment trends and made predictions for the next year's payment trends. With the increasing update of mobile payment methods and the gradual popularity of QR code payments, Hong Kong users will experience a smoother payment process in 2024.

The history of mobile phone payments can be traced back to 1994. With the popularity of smartphones, QR code payment has begun to develop rapidly around the world. Among all Payment Asia payment channels, mobile phone payment transaction volume has exceeded 60% of the total, and QR code payment accounts for more than 85% of the total.

In terms of QR code payment market share, Alipay and WeChat Pay are the market pioneers. Mainly because users are accustomed to using Taobao and other places and often use Alipay e-wallets, making QR code payment popular through e-wallets. Another reason is that after the epidemic, the number of mainland tourists has rebounded, and they will use QR codes to pay more, making more merchants accept this payment method. WeChat Pay benefits from its advantages as a communication software. Users open it more times per day, and it is easier to access the QR code payment built into the mobile application, which facilitates users to summon taxis, order takeaways and other functions.

Alongside Alipay and WeChat Pay, other payment channels have introduced QR code services to align with user preferences. UnionPay launched the UnionPay QuickPass App in Mainland China and Hong Kong. In Hong Kong, numerous banks' credit and ATM cards support the UnionPay QuickPass App, fueling QR code transaction growth. UnionPay plans to extend QR code payment capabilities to more local apps, enabling broader usage scenarios for QuickPass in Hong Kong and Macau.

After the full functionate between Hong Kong and the Mainland border in 2023, residents of the two places will have closer exchanges, and UnionPay transactions, especially QR code transactions, will grow rapidly. Data shows that UnionPay cardholders' shopping consumption in Hong Kong has recovered rapidly since customs clearance, and the overall number of offline transactions has nearly doubled year-on-year. Among them, UnionPay QR code transactions have increased nearly four times, and the growth rate is much faster than other QR codes. Payment channels.

PayMe, another major QR code payment provider, also showed rapid growth in 2023. PayMe has evolved from personal P2P transfers to today's merchant collection and payment functions, and is more widely used in markets and other small consumption scenarios. According to analysis by Payment Asia's artificial intelligence assistant PACO, the Hong Kong public's increasing acceptance of local QR code wallets indicates their growing popularity.

FPS, the other local QR code payment method in Hong Kong, recently announced that it will be interconnected with PromptPay, the Central Bank of Thailand, for cross-border QR code payment. A total of 7 banks and 2 stored value payment instruments are participating in Hong Kong and Thailand's "FPS x PromptPay" "Payment method shows that QR code payment has greater room for growth in the future.

QR code payment will be the mainstream in Hong Kong in 2024

By 2024, mobile phone payments in Hong Kong are expected to continue to grow, driven by the increasing popularity of digital transactions. Among various forms of mobile phone payments, QR code payments will be a major contributor to this growth. The surge in QR code payments can be attributed to several factors, including the introduction of e-voucher schemes and the widespread use of mobile phone scanning capabilities and the simplicity and seamless user experience achieved through this method.

With growing demand for contactless transactions, QR code payments offer convenience and safety, gaining popularity. Cross-border payments will also rise, facilitated by QR code transactions. Expect integration with other payment methods to create comprehensive payment ecosystems, enhancing convenience and choice. Ultimately, QR code payments will solidify as a mainstream, secure payment method, enriching our lives.

Singapore's Monetary Authority is advancing QR code payment with SGQR+, allowing merchants to accept various payment methods through a single financial institution. SGQR, launched in 2018, combines different QR codes into one, boosting merchant adoption. With SGQR+, merchants need only one contract to offer local and overseas payment solutions, enhancing convenience for consumers and travelers. Hong Kong is expected to follow suit.

Given the rapid transformation of the payments landscape, it is critical for Hong Kong merchants to adapt and adapt to the changing payments environment. As more and more customers adopt QR code payment methods, merchants must offer this convenient option to suit their preferences. Payment Asia will continue to provide customers with diverse, secure and user-friendly mobile payment solutions to effectively meet the changing needs and preferences of today's consumers.

Looking forward to 2024, Payment Asia will cooperate with governments, banks, international credit card organizations, and various electronic wallets to provide merchants with a more convenient and faster user experience. As a third-party payment company, Payment Asia believes that the entire payment industry has two main focuses. First, to stay at the forefront of rapidly evolving payment solutions, it is critical for businesses to invest in and embrace the latest advancements in fintech. Through the development of technology, enterprises can maintain a competitive advantage and ensure that they can meet the needs of the modern digital economy.

IBS Intelligence

Commercial banks may have bigger role in CBDC design than expected

It is often repeated that the key attribute of a central bank digital currency is that it is as 'safe' as cash. Central banks, as agents of government, therefore argue that they should issue CBDCs to provide that safety for their citizens. Central banks around the world, such as the European Central Bank, have created models for issuing CBDCs on the basis of this core premise.

However, when working out how to implement CBDC models, a tricky problem immediately comes to the fore: how will the CBDC interact with the commercial banking system? Since the bulk of banking is concerned with lending and other banking products – such as trade finance – central bankers must come to some form of accommodation with existing commercial banking systems to sustain the economy.

As some citizens will undoubtedly wish to hold the 'safest' money there is, even if (as proposed by the ECB) CBDCs will not pay interest, then some level of customer deposits will be withdrawn from the banking system and invested in government-backed CBDCs. Since customer deposits are important to bank balance sheets for providing retail and business loans, such a reallocation will obviously be to the detriment of commercial banks. However, as money is a public good and the use of cash is diminishing (actually saving banks money) to be replaced or augmented by CBDCs, commercial banks will, provided the damage is not too big, just have to suck it up.

Holding limits

One very real question is: does a CBDC increase the potential for 'runs' against commercial banks? The answer is a resounding yes. In a panic, an unknown number of bank customers will undoubtedly run to the safety of a CBDC. However, trickier questions include 'how many citizens will actually jump ship' and 'what can be done to minimise the number of deposits that are moved?' The answers to these questions are not easy to work out.

The design of any CBDC will have to be a delicate dance between central and commercial banks. One approach is to limit the amount of CBDC that a citizen can hold, and this has become the preferred method of controlling CBDC issuance.

At what level should a holding limit be set? A study on this topic analysed the size of a holding limit for a digital euro and estimated, based on evidence from German citizens, that an optimal level might be around €3,000. But that paper also noted that the consensus for the slowly emerging digital pound in the UK is between £10,000 and £20,000 – between four and eight times greater. Why such a wide difference? Are Brits that much more likely to panic than Europeans?

Remembering that Europe is a continent not a country, would the experience from Germany be different for smaller less wealthy euro area countries, such as Bulgaria or Slovakia? What would be the consensus number for a holding limit for the entire European Union? Should there be multiple holding limits?

Deposit guarantees

Deposit holders in European banks have a guarantee of €100,000 under the EU's deposit guarantee scheme for each individual bank account that the customer operates. That level of guarantee is 33 times the size of the consensus digital euro holding limit. So, if European citizens (and merchants) have a solid guarantee from government, which is much greater than a proposed holding limit and the CBDC does not pay interest, then why would citizens invest in the digital euro?

In this situation, any CBDC holding limit is irrelevant unless it is increased to the same value as the deposit guarantee or the deposit guarantee is reduced to the holding limit. As the deposit guarantee is mostly paid for by commercial banks, it would obviously be beneficial for banks to push for reducing the guarantee. So, expect banks to push for such a reduction. If successful, that would reduce the overall 'safeness' of citizens' deposits.

It makes little sense to discuss CBDC holding limits without also discussing deposit guarantee schemes at the same time. The deposit guarantee is the elephant in the CBDC room.

OMFIF

New MUFG Headquarters Building Overview

Go Beyond with you

Mitsubishi UFJ Financial Group, Inc. (MUFG) announced on March 15 that it has compiled an overview of the design and layout of the new MUFG Headquarters (HQ) Building, which is scheduled to be completed in 2029.

The design of the new MUFG HQ Building embodies our aim for the building to serve as the symbol of an MUFG that is open and connects with all stakeholders, including customers, the community, and society as a whole, based on our purpose of being "Committed to empowering a brighter future."

The exterior design of the new MUFG HQ Building has an emphasis on vertical lines. It inherits the rich history of the Marunouchi district where it is located, and uses stones similar in hue to modern buildings while also blending in harmoniously with the stately streetscape. The building will consist of lower floors with spaces open to the public and visitors, while the upper floors will house MUFG offices.

The lower floors will feature indoor and outdoor plazas and passageways, aerial walkways and open terraces, designed to create a lively atmosphere by interconnecting with the

surrounding city streets.

MUFG will create the new HQ building based on our project concept, "Go Beyond with you," which originated from our corporate purpose of being "Committed to empowering a brighter future," as we continue to strive to support our customers, communities, society, and all of our stakeholders through group-wide efforts.

MUFG

HK's Cathay Cargo Terminal aims to go "fully cashless"; partners with PayCargo

Cathay Cargo Terminal has become the first air cargo terminal in Hong Kong to introduce business-to-business (B2B) e-payments through a partnership with global cargo payment platform PayCargo.

The initiative for airlines offers a digital payment method for import cargo collection.

Benefits to freight forwarders include the ability to settle transactions anytime and anywhere, enhanced security, and enhancing the cargo release process, accordingly to media release.

Cathay Cargo Terminal already enables cashless cargo import payments at its Dongguan intermodal facility in mainland China, with payments accepted via Alipay, WeChatPay and UnionPay. "It is now our ambition to be the first air cargo terminal to go fully cashless in Hong Kong," said Mark Watts, Cathay Cargo Terminal Chief Operating Officer.

Freight forwarders can also set up credit facilities with Cathay Cargo Terminal. Cashless payments complement the electronic Shipment Release Forms (eSRF process) for import shipment release and make the benefits of eSRF available to more freight forwarders.

The terminal has offered a full range of air cargo services for airlines operating at Hong Kong International Airport since 2013 and is capable of handling an annual throughput of 2.7 million tonnes, according to its website.

PayCargo, which is backed by Blackstone, offers a freight payment solution for the global logistics market. It has over 5,000 logistics vendors and more than 50,000 registered payers (mostly freight forwarders) in its network. Cathay Cargo Terminal will become PayCargo's launch cargo terminal partner in the Hong Kong market.

Cathay Cargo Terminal's Watts added: "This marks yet another milestone in our digital journey after enabling eAWBs (electronic, airwaybills) and introducing eSRF (electronic Shipment Release Forms) at our terminals, reaffirming our commitment to digital leadership."

PayCargo's Asia Expansion

In a separate move, PayCargo has teamed up with local smart solution developer Autotoll International to offer e-payments to Asia's logistic industry via a Hong Kong regional launch.

Moran Law, Asia commercial director at PayCargo Continental Asia, said: "Hong Kong has been chosen as the first stop in our expansion into Asia because of its status as the world's busiest air cargo hub and a hub for multinational companies' regional officers."

Law added: "Our strategic partner, Autotoll has been crucial in helping PayCargo establish the brand in Hong Kong. We are introducing our secure payment solutions to Hong Kong's logistics industry, making payment processes more efficient and release of cargo faster."

PayCargo is a US-headquartered firm that started in 2009 and has partnered with 5,000 of the largest logistics carriers across sea, air, rail, road and warehouses.

Corporate Treasurer

ASEAN Expanding "China Plus One" Regional Links

The leaders of the Association of Southeast Asian Nations members (ASEAN) will descend on Melbourne for a three-day summit to commemorate 50 years of relations between the regional bloc.

Australia is actively recalibrating itself as a "middle power" in Southeast Asia and the Indo Pacific as China's growing influence complicates economic and geopolitical relations across the region. Australian Prime Minister Anthony Albanese and Foreign Minister Penny Wong are seeking to recuperate ties with ASEAN after a period of perceived non-alignment following the United States influence as relations with China soured.

Australia and the Philippines signed a pact on maritime cooperation, a key issue for a country contending with China over territorial rights in the South China Sea. Canberra is determined to show that Australia is a reliable partner in its own right as disputed claims simmer in the South China Sea between China, the Philippines, Brunei, Malaysia, Vietnam and Taiwan.

"One of the Philippines' advisers actually told me, 'Australia don't have a foreign policy. It's the foreign policy of the US'. But under the new government, there's a change of perspective" Lowy Institute Research Fellow Rahman Yacoob commented to Bloomberg's Ben Westcott and Philip Heijmans.

East and Partners

Strategic Responsibilities for CFOs Grow in APAC

Chief Financial Officers (CFOs) globally are taking up many new responsibilities as their roles expand, according to a new survey.

Among the over 600 CFOs interviewed by organizational consulting firm Egon Zehnder, 82% agreed that their role had significantly grown over the past five years. 70% of the respondents in Asia Pacific (APAC) reported the same experiences, slightly lower than those in Middle East and Africa (84%) and North American (81%).

Environmental, social and governance (ESG) responsibilities topped the list of newly added coverage for CFOs, with over half (55%) of interviewees saying they are now involved in corporate ESG strategies. 44% of them are also taking on greater roles in mergers and acquisitions (M&A) and corporate development duties.

The past few years have witnessed changes in CFOs' roles beyond balance sheets, financial targets and risk management, towards greater influence as a crucial member of the C-suites within organisations.

When asked about which competencies are most likely to become more important for CFOs over the next five years, 41% said driving change was the greatest focus, followed shaping strategy, developing talent and influencing collaboratively. Femle CFOs placed a higher emphasis on being able to drive change, with 57% naming it as their top priority.

In a fast-moving corporate world, overall, finance leaders are looking to become more 'multifunctional', according to the survey.

Talent Structure

Almost half of respondents would like to spend more time on strategy and talent development to meet their goals. This is, in part, because of the mounting difficulty in attracting top financial talent, when compared to two years ago.

A CFO of a global health and pharmaceuticals company said in the survey: "Many people have been accelerated into for which they were not ready – they sometimes are back out looking for new roles but not willing to step back and fill in gaps in their experience or have priced themselves out of the market, which leaves us looking for less experienced talent that is 'hopefully' ready to step up."

Although the APAC region suffers less from a talent shortage, 55% of CFOs interviewed still said it had become harder to find the right talent for finance teams compared tot wo years ago. Globally, Middle East and Africa markets are impacted the most.

Despite the challenges, CFOs remain ambitious. 60% of CFOs want to become chief executives one day and 70% said they are ready now, however barriers exist when they pursue career advancements.

"One significant barrier is overcoming the perception that CFOs are primarily focused on financial stewardship rather than strategic leadership," said Wan May Ang, Egon Zehnder's partner and Singapore office leader.

Networking and visibility ranked first on the list of the biggest gaps to CFOs' ability to become a CEO. This reflects the relatively siloed roles of finance teams within corporates. Those across APAC identified 'networking and visibility' (40%) and 'customer and market knowledge/focus' (28%) as the top gaps to becoming a CEO.

"To overcome these hurdles, CFOs need to demonstrate their capability to drive change and shape strategy, areas which they have identified as crucial competencies for the future. Engaging in visible, cross-functional projects and initiatives can help CFOs showcase their broader leadership abilities and strategic vision," Ang suggested.

Corporate Treasurer

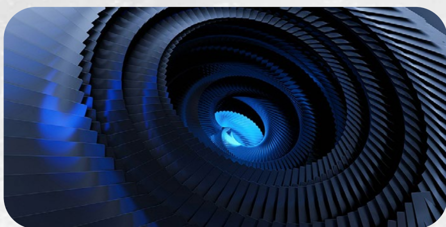
Artificial intelligence arms race is heating up

Artificial intelligence is already being heralded as this generation's transformational technology. As with all leaps in technical capabilities, there are risks that its abuse will mean more fraud and financial crime, and potentially jeopardise financial stability. On the other hand, it will add powerful new tools to regulators' arsenals.

At an OMFIF roundtable, a panel of experts and regulators broke down some of the key ways in which AI is going to affect the landscape of financial crime and the regulatory toolbox.

New types of identity fraud

Fraud is one of the most important battlegrounds for the AI arms race. The proliferation of tools required to convincingly fake both audio and video of individuals represents a new and



uniquely dangerous weapon with which fraudsters can maliciously impersonate counterparties. Generative AI offers the ability to enact targeted, personalised fraud attempts at a hitherto unprecedented scale. Already, there is a rash of finance professionals being hoodwinked via video calls purporting to be from their chief financial officers, many resulting in multi-million dollar frauds.

We are vulnerable to these frauds because we lack effective means of remotely verifying identities. Most ID verification technology – such as passports and driving licences – is designed to be used in person. Remote verification, via photocopies of ID documents, are easy to fake, especially with AI tools.

Governments, law enforcement agencies and employers must move quickly to ensure people are adequately trained to detect these increasingly sophisticated attacks. Call-back protocols are the simplest defence. Individuals contact their supposed counterparty through a different channel of communication to verify their wishes. The system relies on the fact that a fraudster impersonating someone is usually only able to do so through one medium of communication, perhaps a disguised email address or phone number. Contacting them through another medium should enable the real individual to confirm their request.

That kind of protocol is not foolproof. Very sophisticated fraudsters might have control of more than one medium of communication. Even if they do not, confirming through another channel relies on the counterparty being available at the time. Fraudsters often rely on creating a feeling of urgency to force their victims to make rash decisions under pressure.

What's the solution?

Remote ID verification requires a cryptographic solution. While government-provided digital identities may prove time-consuming and controversial, private companies already have many of the technical prerequisites to offer this kind of system. Phones routinely verify identities with biometrics, passwords and location data and then become a means of verifying identity on other devices via multi-factor authentication. Exchanging this information, perhaps via zero-knowledge proofs, might offer a way to immediately and securely verify the identity of a counterparty.

AI can also be a weapon for supervisors. AI tools are already becoming useful in identifying scammers' tactics, as well as in the tracing of funds transferred to fraudsters. Machine learning and tools for the analysis of big data are likely to be the key weapons here but, in February, Mastercard announced a generative AI tool that it claims boosts fraud detection rates by an average of 20%.

While financial supervisors will be keen to use the power of AI to summarise documents, identify fraudulent transactions in real-time, read thousands of corporate filings and identify anomalies, these benefits come alongside threats.

Economic and societal risks

The risks and benefits of AI proliferation go beyond fraud detection. At OMFIF's seminar, the panel discussed the degree to which more effective analysis of new, often unstructured data sources might lower the cost of insuring certain activities.

But the risk here is that AI obtains an outsized importance in dictating economic activity. Data analysis might drive down insurance or borrowing costs for some but, for activities without troves of data from which AI can extract predictive inferences, costs may rise. The panel warned that activities that are not amenable to AI-based analysis might become more expensive to finance or insure. This might mean that lower-income or otherwise financially excluded groups become economically uninsurable. The proliferation of AI in insurance might also cement certain social divisions.

Regulators may wish to curtail excessive market power or distortions enabled by AI, but doing so will prove tremendously difficult. Intervening and requiring companies to insure less safe or profitable concerns might be deemed anti-business and regulating the use of AI in a given jurisdiction might leave domestic players at a competitive disadvantage to their foreign counterparts. Regulating the AI providers themselves might simply chase them to friendlier jurisdictions.

Calls for pauses in development while governance frameworks are developed have met with little traction. The arms race is on. Bad actors will be doing their best to subvert AI and use it for their own ends. All we can do is try to keep up.

OMFIF

Among Member Banks

BEA welcomes 2024-25 Budget Injecting Impetus into the Economy and Driving Transformation and Sustainable Development

The Bank of East Asia, Limited welcomes the various policy adjustments and measures proposed in the Budget, including promoting the development of digital finance and bond markets, deepening financial cooperation in the Greater Bay Area, and fostering the development of green and innovative technology industries. We believe that these measures will provide fresh impetus to the economy and drive economic transformation to help underpin sustainable development in the long term.

Mr. Adrian Li, Co-Chief Executive of BEA, said, "The 2024-25 Budget will support Hong Kong's economic recovery and promote the establishment of the "Eight Centers" under the Nation's "14th Five-Year Plan" to ensure high-quality development. To strengthen Hong Kong's status as an international financial center, the Hong Kong SAR government will take forward the recommendations of the Task Force on Enhancing Stock Market Liquidity. It will also promote digital finance to help enterprises accelerate the pace of digital transformation.

At the same time, bond market development will also be a focus with an increase in retail bond issuance, which will bring more business opportunities for the financial industry as well as providing funds for long-term development projects. The cancelation of demand-side management measures for residential properties and relaxation of limits on property-related loans will support the steady development of Hong Kong's property market."

Mr. Brian Li, Co-Chief Executive of BEA, said, "The Budget proposes further deepening capital market connections with the Mainland, facilitating cross-boundary investment and fund flows, thereby enhancing offshore RMB liquidity. These measures help strengthen Hong Kong's position as a global offshore RMB business hub.

The Budget also emphasizes cultivating green development and the digital economy, not only dovetailing with the national development strategy to pursue high-quality growth, but also opening up huge potential for Hong Kong. Strengthening green and sustainable finance will help decarbonization and contribute to Hong Kong's development. The Hong Kong SAR government further advocates deepening financial cooperation in the Greater Bay Area, and promoting the development of green technology and innovative industries, in a bid to develop the region into Asia's leading green technology hub, and further diversify Hong Kong's industrial base.

Bank of East Asia

Register i-Banking and Reset Password via "iAM Smart" is Now Available: Shanghai Commercial Bank

To enhance online banking experience for our customers, with effect from 13 March 2024, Shanghai Commercial Bank will introduce a new feature that will allow customers to register our i-Banking service or reset password conveniently with "iAM Smart" mobile app in completing authentication!

Once your identity has been successfully verified, you will receive an email and SMS notification. Then, you can immediately log in our personal internet banking platform. Try it out now!

Shanghai Commercial Bank News

SBI Clerk Mains Result 2024 Expected soon

The Mains examination for the Junior Associate Customer Support and Sales (SBI Clerk Mains 2024) conducted by the State Bank of India concluded on March 4. As candidates eagerly await the results, SBI is expected to release them soon on its official website at sbi.co.in.

The bank has not yet announced any official date or time for the announcement of SBI Clerk Mains 2024 result.

Therefore, candidates are advised to keep checking the official website regularly.

In the meantime, candidates can go through the step-by-step process to download the SBI Clerk Mains Result 2024.

The SBI Clerk Mains exam is conducted in a computer-based format comprising a total of 200 marks. The examination consists of multiple-choice questions (MCQs). The different sections of the mains exam have different numbers of questions, and the total duration of the exam is 2 hours and 40 minutes.

Times of India

MUFG to Reorganize as part of Next Medium-term Business Plan

MUFG and MUFG Bank, a consolidated subsidiary of MUFG, announced on March 7 that they will change their organizational structure from April 1, 2024.

MUFG and MUFG Bank will reorganize the Digital Service Business Group and Retail & Commercial Banking Business Group as follows:

<u>Retail & Digital Business Group</u>

Responsible for individual customers (excluding wealth management), it will expand its touchpoints by optimally mixing the three channels under the concept of "Real (Face-to-Face) × Remote × Digital", and deliver a customer experience that makes customers think, "I'm glad I chose MUFG." MUFG will further strengthen its retail business by maximizing customers' Life Time Value.

<u>Commercial Banking & Wealth Management Business Group</u>

Responsible for corporations and wealth management clients, it will enhance MUFG's ability to provide human solutions and further strengthen its business model based on business succession and asset succession, which contribute to solving social issues.

Furthermore, the group-wide digital transformation (DX) functions currently managed by the Digital Service Business Group will be transferred to the Corporate Center and integrated with data functions to create the Digital Strategy Division, which will work to strengthen MUFG's corporate infrastructure, accelerate the utilization of generative AI, and enhance digital technology-based business creation and function development.

MUFG established the Digital Service Business Group in April 2021, the first year of the current Medium-term Business Plan, to enhance customer convenience by utilizing digital technologies. Meanwhile, the Retail & Commercial Banking Business Group has been strengthening its consulting capabilities to resolve customers' challenges.

Bearing in mind the growing need for asset management arising from changes in the economic and financial environment, MUFG has decided to change its organization, which would enable a wide range of retail customers to flexibly utilize MUFG's diverse channels, as well as enhance its ability to provide human solutions for the development of clients' businesses, assets, and succession to the next generation.

In addition, MUFG has decided to integrate Group-wide DX and data-related functions in order to respond quickly to new technologies that could have a significant impact on the economy and society, and to work together as one Group to strengthen corporate infrastructure and create new businesses for the future.

MUFG

Completion of Acquisition of Remaining Stake in SMFG India Credit Company

Sumitomo Mitsui Financial Group, Inc. (SMFG) announced that SMFG has completed its acquisition of remaining 25.1% equity stake in SMFG India Credit Company Limited (SMICC), a consolidated subsidiary of SMFG, on 6 March 2024 from Angelica Investments Pte. Ltd, which is wholly owned by Fullerton Financial Holdings Pte. Ltd., a Singapore-headquartered investment company. As a result of the Investment, SMICC will become a wholly owned subsidiary of SMFG.

Through this investment, SMFG will strive to contribute more significantly to the development of retail finance in India, which is essential for the expansion of its Asia franchise, and to further developing India's financial industry.

SMBC

Mizuho and Industrial Technology Research Institute sign MOU

Mizuho Bank, Ltd. and Industrial Technology Research Institute (ITRI) have signed a memorandum of understanding (MOU) for a business alliance which will further strengthen industrial collaboration between Japan and Taiwan.

Supported by the Ministry of Economic Affairs (MOEA) of Taiwan, ITRI is a world-leading applied technology research institute with more than 6,000 outstanding employees. Its mission is to drive industrial development, create economic value, and enhance social well-being through technology R&D. Founded in 1973, it pioneered IC development and started to nurture new techventures and deliver its R&D results to industries. ITRI has set up and incubated companies including industry giants such as Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) and Lianhua Electronics Co., Ltd. (UMC).

Mizuho and ITRI have comprehensively supported technology exchanges and R&D between Japanese and Taiwanese companies since signing their first cooperative agreement on December 10, 2010, at which time Mizuho was the first financial institute to sign an MOU with ITRI. The growing sophistication of advanced technology in the semiconductor industry and the increasing presence of Japanese and Taiwanese startups has created needs for closer collaboration between Japanese and Taiwanese companies, and in order to meet such needs Mizuho and ITRI have reached an agreement to further deepen cooperation on initiatives as below:

1. Sharing information on technology, industry trends, and startups
2. Supporting collaboration between ITRI, Taiwanese research facilities, and Japanese companies by utilizing ITRI's network
3. Supporting Taiwanese and Japanese companies in obtaining business opportunities
4. Supporting Taiwanese companies in entering the Japanese or other international markets

These initiatives enable Mizuho to provide solutions to the more specific cooperation needs of Japanese and Taiwanese companies, and we are confident this framework will contribute to the development of Japanese and Taiwanese companies, as well as the development of the economies of Japan and Taiwan.

In 1959, Mizuho became the first foreign bank to establish a branch in Taiwan, and has since grown alongside Taiwan's economy for 65 years. We currently have three branches in Taiwan (Taipei, Taichung, and Kaohsiung), which support many Japanese and Taiwanese companies. In order to contribute to Taiwan's economic development, Mizuho has been coordinating with MOEA, focusing on supporting Japanese and Taiwanese companies.

Under a strong cooperative framework with MOEA, Mizuho will serve as a bridge in various fields such as semiconductors, electric vehicles, and energy, and we will contribute to the economic development of both Japan and Taiwan by enhancing the quality of information and support we provide to our customers.

Mizuho

Among Member Banks

KEB Hana Bank Succeeds with Investments in Vietnam, China

KEB Hana Bank is achieving robust performance through equity investments in Vietnam and China. Instead of securing local corporate licenses, the bank's decision to opt for minority stake acquisitions has proven successful. KEB Hana Bank is further expanding its collaborations with invested banks to enhance profitability.

According to the audit report released by KEB Hana Bank on March 21, the bank generated profits of 122.8 billion won (US$92.23 million) from its investment in the Bank for Investment and Development of Vietnam (BIDV) last year. Additionally, it accrued 40.9 billion won in equity method gains from its investment in the Bank of Jilin. The equity method gains from these two banks account for about 30 percent of KEB Hana Bank's total global performance, which amount to 553.2 billion won.

KEB Hana Bank's minority stake investments have been evaluated as successful so far. Since acquiring a 15 percent stake in the BIDV in 2019, the bank has realized a stake method profit of 424 billion won over four years. Similarly, it has earned 123.8 billion won from its investment in the Bank of Jilin during the same period.

The steady net profits are attributed to the performance growth of the BIDV and the Bank of Jilin. Thanks to the expansion in performance, the book value of the stakes held by KEB Hana Bank has also increased during the same period. Specifically, the book value of the stake in the BIDV increased from 1.19 trillion won to 1.75 trillion won, while that of the Bank of Jilin increased from 758.8 billion won to 897 billion won.

KEB Hana Bank has also secured dividend income. It received 13.9 billion won in cash dividends from the Bank of Jilin for its performance last year. Furthermore, it received cash dividends of 22.8 billion won in 2020 and 6.3 billion won in 2021 from the BIDV.

However, there are also assessments indicating that the actual gains are minimal. While equity method gains are recognized as accounting profits, they are not directly linked to cash flow in the short term. Although receiving dividends generates cash flow, it's challenging to anticipate stable dividends due to local financial authorities and policies of financial institutions. In reality, the BIDV, a Vietnamese state-owned bank, prefers stock dividends over cash dividends as demonstrated by its decision to distribute only stocks instead of cash dividends last year. Similarly, the Bank of Jilin also initiated cash dividends for the first time in five years since 2018.

In response, KEB Hana Bank plans to expand cooperation with the two banks to enhance actual profits. It aims to increase synergy by utilizing the BIDV's position as Vietnam's largest bank with over 1,000 channels. Specifically, the bank has established Korea Desks at the BIDV's branches in Hanoi and Ho Chi Minh City and intends to conduct joint marketing activities targeting Korean companies and reputable local enterprises in collaboration with KEB Hana Bank's Ho Chi Minh City branch and others. Additionally, it is exploring the possibility of launching a specialized foreign remittance product in collaboration with the Bank of Jilin.

Business Korea

Maybank and Gentari announce comprehensive collaboration to empower customers' sustainability journey

Maybank and Gentari announced a significant step towards a more sustainable future with the signing of a Memorandum of Understanding (MOU) to explore collaboration in green mobility and renewable energy solutions. This marks Gentari's first collaboration with a financial institution, signifying an aligned commitment with Maybank to drive sustainable solutions adoption in the market.

The collaboration will further strengthen Maybank's sustainability goals, aiming to achieve a Carbon Neutral Position of emissions by 2030 as well as a Net Zero Carbon Equivalent position by 2050. As at December 2023, Maybank has surpassed its sustainable financing targets, mobilising RM34 billion for the year, well ahead its 2023 target of RM16 billion, with a cumulative achievement of over RM68 billion, against the targeted RM80 billion by 2025.

Syed Ahmad Taufik Albar, Group CEO, Maybank Community Financial Services, emphasised the bank's commitment to becoming the sustainability leader in Southeast Asia, driven by sustainable financing and acting as a crucial agent for low-carbon initiatives. He highlighted Maybank's focus on delivering value-based solutions grounded in sustainable and ethical principles, while meeting the market's growing demand for eco-conscious practices.

"We offer comprehensive solutions in green mobility and renewable energy," said Taufik Albar. "Embracing our purpose to Humanising Financial Services, we support our customers with a complete ecosystem: best-in-class, value-based offerings that is both within and beyond traditional banking."

The strategic partnership marks a significant milestone, harnessing Gentari's well-established expertise in the green mobility and renewable energy sector, and underscoring Maybank's commitment to championing sustainable practices and innovative solutions. With Gentari as the clean energy solutions partner in this visionary journey towards environmental stewardship and innovation, Maybank is setting the initiative in motion through the installation of charging points for electric vehicles (EV) and hybrid vehicles at its network of premises and branches nationwide, beginning with ten strategically chosen locations.

Having the widest network of DC fast chargers in Malaysia, Gentari offers EV and Hybrid vehicle owners in Malaysia access to over 335 charging points, including more than 100 DC fast chargers which enables rapid charging for EV and Hybrid vehicles. Through this collaboration, Maybank Islamic's InCharge pre-credits will be extended to include

Gentari's charging stations, giving more access and benefits for customers. Maybank Islamic InCharge is an EV pre-credit incentive programme for EV and Hybrid vehicle owners with Maybank Islamic Auto financing with credits useable at selected charging stations. Meanwhile, Maybank SME customers will have access to consultancy and advisory services facilitation with Gentari as the clean energy industry expert in Maybank's myimpact SME Hub.

Other areas of collaboration include cross-branding and marketing efforts of the entire suite of Maybank product offerings including financing, insurance and takaful, card partnerships and others; leveraging on Maybank's financial offerings and digital platforms with Gentari's expertise and facilities.

"A just energy transition requires diverse stakeholders to come together to make clean energy more accessible, sustainable and affordable. This collaboration unites Maybank's suite of financing and insurance solutions with Gentari's green mobility and renewable energy offerings, marking the collaboration between like-minded partners who are dedicated to making the shift towards a sustainable lifestyle attainable," said Shah Yang Razalli, Deputy CEO of Gentari and CEO of Gentari Green Mobility.

The exchange between Maybank's Group CEO of Community Financial Services, Tuan Syed Ahmad Taufik Albar, and Deputy CEO of Gentari and CEO of Gentari Green Mobility, Shah Yang Razalli, took place in a closed-door ceremony attended by the senior management of both companies. The partnership aims to create greater awareness and more opportunities for individuals and businesses to make a positive impact through sustainable choices and contribute meaningfully for a better tomorrow.

Maybank

BML staff hold cleanup events in Male' and Addu City

BANK OF MALDIVES

BML staff held a clean-up event earlier March 8 in Male' and Addu City in preparation for Ramadan.

The event took place in five different zones and included land and coastal cleanups as well as painting of selected mosques. A total of 4 tons of debris and waste was collected from the locations including 5 jumbo bags which was delivered for recycling.

In Male', over 200 BML staff took part in the clean-up, held in collaboration with the Male' City Council, Maldives Ocean Plastics Alliance (MOPA) and Dive Club Maldives.

B. Eydhafushi, R. Meedhoo, F. Nilandhoo and M. Muli staff also engaged in cleaning up the islands earlier this week as part of this program.

Bank of Maldives

Maldives Islamic Bank: Transforming Banking for 13 Years

Maldives Islamic Bank

Maldives Islamic Bank was established 13 years ago with the most fundamental services provided by a bank. Having started with bank account opening services and some of the most ordinary services offered by a bank, the bank now offers a wide range of popular services to Maldivians in the banking sector.

In its commitment to technological advancement, MIB has undergone a revolutionary transformation. Early indications of its tech-driven approach were evident with the introduction of the country's inaugural wireless POS machine, POS cash deposit services, the issuance of its proprietary Cash Card, and the establishment of ATM services. An impactful milestone was achieved with the introduction of international card services on its independent infrastructure, a significant stride for the country's banking sector.

With the launch of various such services, MIB today offers services at a level that is competitive with the services offered by foreign banks. The fact that they offer the service of opening a bank account online in less than a minute and safely providing many of the bank's services online are proof of that.

MIB's online services have become popular and trusted by the general public because they are safe and secure. The bank has included a number of features, including the use of two-factor authentication in internet banking and unlocking by biometrics, to ensure that its online services are safely delivered to the best of its ability.

MIB's products have won international awards. These products have become the basis for others to make similar products. MiB's innovative products that have been designed with Islamic banking values have been accepted internationally.

MIB faced a significant challenge upon entering the Maldivian market as the Islamic banking sector was relatively new, with limited expertise. In response, the bank initiated various measures aligned with its mission to raise awareness and cultivate expertise in Islamic banking. Collaborating closely with the Islamic University, MIB extends scholarship opportunities to students and facilitates training programs in Islamic banking. The bank actively engages with schools and forums to share information on Islamic finance, enhancing its presence in the sector.

Within a brief period, MIB has gained immense popularity in the country by diligently expanding its services and expertise in the field. Leveraging technology for an island nation, the bank provides comprehensive and secure online services. Currently boasting the largest number of shareholders in the nation, MIB remains committed to enhancing its service portfolio within the Islamic banking framework, offering banking services with increased convenience.

The Edition

Among Member Banks

Philippine National Bank fetes valued clients to Chinese New Year celebration

Philippine National Bank (PNB) expressed its appreciation for and gratitude to its valued clients by hosting a Chinese New Year celebration on February 16 at the grand ballroom of the Century Park Hotel. Over 400 clients and guests attended the event.

The Lunar New Year is an important tradition in the Chinese culture that is widely celebrated around the world as it brings abundance, good fortune, and new beginnings. PNB held Chinese New Year appreciation events for its clients until face-to-face gatherings were put on hold when the pandemic broke out. The bank has now brought back the event as a way of thanking and bonding with its clients.

On hand to welcome the guests were the bank's top executives led by PNB President Florido Casuela, PNB Director and LT Group President and Chief Operating Officer Lucio Tan III, and members of the board of directors and management committee.

Themed "Strides to Prosperity", the event was hosted by Eva Marie Poon who entertained guests with her repertoire of crowd-favorite songs. The evening also featured world-class performances by renowned musical theater acts. Guests enjoyed a sumptuous lauriat dinner and took part in fun activities.

In a recent disclosure, PNB reported a notable 55 percent increase in consolidated net income for 2023 at P18 billion. Net core banking income – excluding gains on sale of acquired properties – climbed by a record 156 percent year-on-year.

In 2023, PNB was ranked second by Forbes in its list of the World's Best Banks. In the same year, Asiamoney recognized PNB as the Best Bank for Investment Research in the Philippines for the third consecutive year, while the PNB Digital App was awarded as the Digital Experience of the Year by the Asian Business Review.

Philippine National Bank

RCBC clinches double victory at The Enterprise Epoch Awards

The Philippines' fastest growing and leading digital challenger bank Rizal Commercial Banking Corporation (RCBC) clinched two recognitions as "Bank of the Year" and its Chief Executive Officer and President Eugene S. Acevedo as "CEO of the Year" from The Enterprise Epoch Awards.

RCBC was chosen for demonstrating its capability in creating socially-relevant and impactful digital banking solutions at scale, expanding its digital footprint with a 100% nationwide coverage across 82 provinces, and for being the fastest growing bank, leapfrogging to fifth in the list among the top private banks in terms of assets from eighth in 2019. At the heart of RCBC's recent success is its strategic contribution in the government's massive digital payments and financial inclusion campaign as embodied in the Digital Payments Transformation Roadmap and the National Strategy for Financial Inclusion by the Bangko Sentral ng Pilipinas.

Acevedo was also chosen as the "CEO of the Year" after leading RCBC's massive transformation as a bank from being a purely brick-and-mortar bank to a trailblazer in offering digital solutions and financial inclusion engagements to underserved and unbanked Filipinos. Acevedo has also been managing the bank's pivot towards sustainability, becoming the first Philippine bank to publicly announce divestment from coal-powered projects and to expand its offering of sustainable investments.

The Enterprise Epoch Award focuses on its mission to identify, honor, and elevate organizations and leaders in the industry, and support them in their endeavors in demonstrating and achieving enterprise excellence. The award-giving body is inclusive as it covers enterprises from all sizes and industries, and puts focus on corporate social responsibility, community engagement, and environmental stewardship. Candidates and winners go through a rigorous and objective process of judging by a panel composed of esteemed industry experts and visionaries from various industries globally.

RCBC has been growing its roster of awards and laurels since it embarked on a massive digital transformation journey at the height of the COVID-19 pandemic. Among its global and local recognitions include a four-peat award as the Philippines' Best Bank for Digital by Asiamoney, the Eye on Innovation Award by Gartner, YouTube Challenger Award for its viral and out-of-the-box digital ad campaigns generating combined views of over 17 million, Grand Champion for Digital Payments and Financial Inclusion by the Bankers Institute of the Philippines, Number 1 in the Philippine Best Customer Service 2023 survey by the Philippine Daily Inquirer and global research firm Statista, and the top position in system uptime, as affirmed by a regional banks study conducted by Brankas.

Business Mirror

Doha Bank Successfully Issues USD 500mn Under its EMTN Program

Doha Bank successfully issued a USD 500 million international bond with a tenor of 5 years and a coupon rate of 5.25% per annum. The transaction was met with exceptional demand from international and regional investor with the orderbook 4 times oversubscribed reaching USD 2 billion from a diverse group of European, Asian, and Middle Eastern accounts. The investor base comprised top fund managers, banks, private banks, and insurance companies.

Prior to the issuance, Doha Bank's management completed a comprehensive marketing exercise engaging with investors from around the globe presenting an overview of the bank's objectives and business performance. The campaign secured positive response on the Investors side due to Doha Bank's promising outlook and were impressed by Qatar's robust economic foundations. This allowed the bank to price at a competitive credit spread of 130 basis points over the 5-year U.S. Treasury rate, reflecting a tightening of 30 basis points from the initial price talk of 160 basis points.

Commenting on the success, H.E. Sheikh Fahad Bin Mohammad Bin Jabor Al-Thani, the Chairman, said: "This issuance comes in a pivotal moment as Doha Bank has embarked on an ambitious transformational programme. We are fully committed to the strategy and are very confident of the bright future for the Bank."

In alignment, H.E. Sheikh Abdulrahman Bin Mohammad Bin Jabor Al Thani, the Managing Director, said: "The success of this landmark transaction demonstrates the positive investor reception of strategic changes being implemented by the Bank."

Elaborating on the topic, Sheikh Abdulrahman Bin Fahad Bin Faisal Al Thani, the Group Chief Executive Officer, said: "This is the tightest spread on record for Doha Bank, we are proud of the success achieved in the international capital markets."

Previously, capital markets witnessed similar USD 500 million bond by Doha Bank in March 2021. "Capital markets is an integral part of Doha Bank's funding strategy, and we will continue to look to diversify and tap new sources of liquidity to support our future plans", added the GCEO.

It is noteworthy that Doha Bank is rated A- with a positive outlook by Fitch and Baa1 with a stable outlook by Moody's. The bond was issued under Doha Bank's USD 2bn Euro Medium Term Note programme that is listed on the London Stock Exchange.

Doha Bank

DBS and J.P. Morgan Asset Management avail Asia's first retirement investment portfolio

DBS Bank (DBS), together with J.P. Morgan Asset Management (JPMAM), has debuted Asia's first global investment portfolio that not only automatically calibrates its asset allocation to an individual's life stage and retirement timeline (also known as a "glidepath"), but also allows investors to automate their drawdowns according to their retirement income needs.

Launched as part of the bank's holistic retirement proposition aimed at helping all Singaporeans plan and retire well, DBS Retirement digiPortfolio is premised on the concept that investors should only take on risk appropriate to their life stage (defined as Early Career, Mid-life, and Retirement). It plugs a long-standing gap in the market by enabling investors to take more risk earlier and moderate their risk when they approach retirement. Customers can better map out and plan for their long-term needs while staying disciplined to invest and accumulate wealth when they are younger. This gives them greater peace of mind during their golden years.

A pilot programme, progressively rolled out to select customers since late 20023, has drawn strong interest. DBS Retirement digiPortfolio proved to be highly effective in motivating them to start planning for their retirement, with nearly half of the investors made up of younger customers aged 40 and below. 70% of them also opted to make recurring top-ups to their portfolios, which signalled that young investors are willing to make smaller but regular investments that will contribute meaningfully to their retirement nest egg when compounded over the years.

Contrary to popular belief, retirement planning should not stop at the point of one's retirement. Even as investors start to make withdrawals from their DBS Retirement digiPortfolio, it will continue to be professionally managed by the DBS and JPMAM investment teams. Investors will be able to automate these withdrawals and be presented with a view of the longevity of these payouts, as part of its market-first proposition, later this year. More importantly, they will be able to see how these payouts contribute towards their broader retirement plan, which will comprise various other sources of passive income, such as CPF Life, traditional annuities, and endowment plans.

DBS

Among Member Banks

UOB card spending jumps 35% during Taylor Swift concert week

Spending by credit and debit card holders in Singapore using UOB's payment infrastructure surged 35 per cent week on week over March 4 to 10, when four of pop star Taylor Swift's concerts here took place.

According to first-quarter data released on March 25, spending across almost all tourism-related categories saw a marked surge, led by spending at clothing retailers (up 85 per cent), transportation and travel (up 80 per cent), and amusement and entertainment (up more than 50 per cent).

Hotels rang in nearly 45 per cent growth in card billings, while food and beverage receipts rose more than 30 per cent.

UOB noted that locations in the Marina Bay precinct and Central Business District that are close to the Singapore Sports Hub – where Swift's The Eras Tour concerts were held – outperformed national levels.

The bank's card holders alone spent more than $30 million purchasing The Eras Tour tickets, with Singapore-registered cards accounting for almost 75 per cent of total billings, added UOB.

Malaysia contributed to more than 10 per cent of billings, while Thai and Indonesian fans snagged over 5 per cent each.

Almost a third of UOB card holders who purchased tickets to the event used cards issued outside of Singapore.

Nearly 40 per cent of these card holders were previously Citigroup customers who were onboarded as part of UOB's acquisition of Citi's consumer banking franchise in the region.

An almost 120 per cent month-on-month spike in UOB card application volumes was reported from June 21 to July 7 in 2023.

This marked the period starting from the announcement of Swift's The Eras Tour concerts in Singapore, until the end of the general on-sale period.

New-to-card customer applications grew more than 75 per cent over the same period, while new-to-bank applications increased over 50 per cent in terms of primary credit card applications.

UOB also reported a 4 percentage point growth in credit card applications among 25- to 29-year-olds.

Notably, the period in which card application volumes surged coincided with The Eras Tour's pre-sale event in Singapore, which was available exclusively to UOB customers.

All pre-sale tickets sold out on the day of their launch on July 5, 2023, with more than a million virtual queue numbers issued within the first 10 minutes.

In the months following the ticketing window, the bank's registered card holders outside of Singapore who bought tickets for the event here spent more on a year-on-year basis with their UOB cards.

The total spending of Malaysian UOB card holders who bought tickets to The Eras Tour in Singapore grew more than 50 per cent over July 1, 2023, to March 8, 2024, when compared with the same period the year before.

Thai UOB card holders' spending surged more than 45 per cent year on year.

The bank also noted that card attrition rates remained "stable and low" in the months following the ticketing sales to date – a "clear indication that a significant majority of card holders, longstanding and new, are seeing the value in (its) cards".

The Straits Times

HNB wins Asian Banker Best Retail Bank in Sri Lanka Award 2024

HNB PLC reaffirmed its dominant leadership position, after being ranked Best Retail Bank in Sri Lanka for the 14th year at the Asian Banker Global Excellence in Retail Financial Services Awards 2024.

Hosted by the prestigious Asian Banker Magazine, the awards are considered among the most rigorous and influential programmes for consumer financial services in the world and are designed to showcase regional institutions that establish new benchmarks in stability, innovation, digital enablement and process re-engineering towards unleashing rapid, sustainable growth.

"For generations, HNB has stood firm in our mission to serve as a partner in progress to all Sri Lankans. Throughout, we have adapted, and evolved, integrating cutting-edge technology and global best practices into a deeply customer-centric business model. Our success in retaining leadership of the retail banking sector for 14 years provides further validation to our approach, and inspires us to continue striving for greater heights moving forward," HNB Managing Director/CEO, Jonathan Alles said.

Retail banking is a flagship segment for HNB, which caters to the needs of over 2.5 million Sri Lankans island-wide. In addition to the bank's extensive customer service network of 254 branches and over 800 self-service machines, HNB has also been a pioneer in leveraging digital banking products, services and channels to provide customers with convenient, comprehensive and secured options to transact remotely.

Throughout the preceding year, HNB demonstrated remarkable resilience and consistent performance amid significant industry headwinds. Notably, the bank reported a 63% Year-on-Year (YoY) surge in digital transaction volumes, complemented by a 65% YoY increment in the customer base engaging with our digital platforms.

In addition, our position as the vanguard of technology-integrated banking has been further solidified by pioneering platforms such as HNB SOLO. This platform offers seamless digital payment experiences, enjoying rapid adoption thanks to strategic alliances with leading technology firms, enhancing merchant access to advanced digital payment options.

"We are deeply gratified with the resounding recognition that HNB won at this year's awards. To be crowned Best Retail Bank in Sri Lanka on 14 separate occasions is a remarkable achievement, one that is fueled by a process of constant evolution, and unwavering commitment to excellence from our team. We believe that when retail banking is done right, it has the potential to radically improve the lives of our customers. That is why we continue to seek out all opportunities for streamlining and simplifying our products and processes, in order to deliver maximum value into the hands of our valued customers," HNB DGM Retail Banking Group, Sanjay Wijemanne said.

Notably, the bank consolidated its legacy of true leadership in sustainability, good governance and corporate excellence with a resounding victory at the prestigious Ceylon Chamber of Commerce Best Corporate Citizen Sustainability Awards 2022 (CCC BCCSA).

Having being declared the overall winner, HNB further secured additional four accolades including Governance category winner, Sustainability Champion for the Finance sector, Second runner-up for Demonstrated Resilient Practices for COVID-19 category, and ranked among the Top 10 Best Corporate Citizens, a position which HNB has achieved for 13 years.

Moreover, the bank was also crowned Sustainability Champion for The Finance Sector in recognition of its systemic national contributions in supporting Sri Lanka's transition towards renewable energy, grassroots-led economic development, and the multi-pronged environmental and social campaigns by the HNB Sustainability Foundation.

Hatton National Bank

Bank of Taiwan to raise benchmark deposit rates

Bank of Taiwan, the largest lender in the country, is to raise the benchmark one-year time savings deposit rate to a 15-year-high 1.715 percent from tomorrow following a surprise central bank rate hike.

The increase reflected a 12.5 basis-point key interest rate increase instituted by the central bank on May 22, Bank of Taiwan said.

The state-owned lender is also to raise its two-year time savings deposit rate and three-year time savings deposit rate by 0.125 percentage points to 1.750 percent and 1.785 percent respectively.

Under the new rates, one-year time savings depositors who have NT$1 million (US$31,291) in their accounts would receive more than NT$17,280 in annual interest payments, up from NT$16,020, based on compound-rate calculations, Bank of Taiwan said.

Taipei Times

Cathay United Bank bags Best Domestic Private Bank Award

Cathay United Bank (CUB) kick-started the new year with good news from its private banking business. CUB Private Banking has been named "Best Domestic Private Bank (Taiwan)" by Asian Private Banker for the fifth year in a row, the only financial institution in Taiwan to achieve this great feat.

Moreover, the bank also received the green light from the Financial Supervisory Commission to continue rolling out the Wealth Management 2.0 service targeting high-net-worth individuals (HNWIs). These achievements indicate that both the government and the public recognize CUB's effort to provide comprehensive services to uncover the needs of HNWIs.

CUB Private Banking adopts a "portfolio-based approach" to manage clients' assets. Last year, the private bank was the first in Taiwan to launch non-securities investment trust offshore funds (non-SIT offshore funds), leading Taiwan's private banking sector to keep up with the global financial market and giving clients more options for making investments.

CUB Private Banking chief executive officer Robert Fuh pointed out that, in addition to customized portfolio advisory services, comprehensive investment vehicles are also a must for agile asset allocation because HNWIs who are seeking to grow their wealth in a stable way have clear investment goals.

To this end, in 2019, CUB Private Banking formed an alternatives advisory team by recruiting professionals who have more than 10 years of experience in the financial sector and are familiar with global capital market investments.

Then in 2023, the private bank took its services to the next level by introducing non-SIT offshore funds, the first trust-based investment vehicle in Taiwan. In the same year, CUB Private Banking established a portfolio advisory team to formulate bespoke portfolio strategies for HNWIs, and provide timely and holistic advisory services to meet their ever-increasing needs.

Fuh underscored that CUB Private Banking is getting the lion's share in the private banking market as it recorded double-digit growth in assets under management over the past decade. The private bank would not be where it is today without its persistent dedication to advancing portfolio advisory services and the strong lineup of investment and advisory professionals.

In addition to the Taiwan market, CUB Private Banking has expanded its services to Hong Kong and Singapore and, for the years to come, will relentlessly upgrade its private banking services to develop more high-quality, sophisticated financial offerings for clients in these markets.

Taipei Times

CTBC forecasts record profit for 2024

CTBC Financial Holding Co expects another year of record profit, as bullish global financial markets are boosting its wealth management business and the company's overseas expansions are starting to pay off, CTBC Financial president James Chen told investors March 12.

The Taipei-based financial conglomerate earned NT$56.08 billion (US$1.79 billion) in net income last year, up 79.3 percent from 2022, with earnings per share of NT$2.82, its strongest performance for the second consecutive year.

The strong performance last year was mainly due to a lower comparison base in the previous year, higher capital gains from insurance business and more currency swap gains at its banking business, CTBC Financial said.

The company plans to distribute a cash dividend that would be higher than the NT$1.25 per share it offered a year earlier, Chen said.

CTBC Bank in 2023 earned NT$41.33 billion, up 11.3 percent from a year earlier, Chen said.

The bank generated NT$19.45 billion in profit from its overseas operations, recording year-on-year growth of more than 30 percent as consumer and institutional banking, as well as investment trading, showed relatively balanced improvement, he said.

"CTBC Bank should post record earnings this year, in the absence of major shocks," he said, citing robust wealth management and timely gains from overseas branches.

Investment confidence has shown solid growth this year, thanks to robust capital markets at home and abroad, he said.

Regarding overseas operations, branches in Hong Kong and China accounted for 44 percent of profit, branches in Southeast Asia contributed 31 percent, and those in North America and Japan accounted for 12.8 percent, Chen said.

Investments aimed at global supply chain realignment are bearing fruit, with branches in Hong Kong and Singapore last year posting respective revenue of NT$7.3 billion and NT$2 billion, the best among Taiwanese banks in those areas, he said.

The Singaporean branch might significantly narrow its profitability gap with Hong Kong in three years due to its rising importance as a regional financial hub in Southeast Asia, he added.

As for CTBC's life insurance subsidiary, Taiwan Life Insurance Co, uncertainty linked to foreign currency exchanges remains a challenge, but should be less unpredictable compared with last year, he said.

Taiwan Life should post decent profit growth this year, despite foreign exchange volatility, he said.

As of December 2023, CTBC Financial's combined bad loan ratios was 0.52 percent, while coverage ratios were at about 309.6 percent, which demonstrates the resilience of the group's assets, it said.

Taipei Times

First Commercial Bank's overseas branch eBanking APP

Customers of London Branch can use transfer and remittance services in the FCB eBanking APP from March 6, 2024, 9:00 AM London time.

FCB eBanking APP is available for customers of Phnom Penh Branch (including Sub-branch), Ho Chi Minh City Branch, Hanoi City Branch, London Branch, Brisbane Branch, Tokyo Branch, Vancouver Branch, Toronto Branch, Singapore Branch, Macau Branch, Vientiane branch, Manila Branch and Guam Branch, the functions are as follows:

1. Quick login service: Login by using Fingerprint Identification / Face ID / Pattern Password / Digital Password
2. Manage your bank accounts: Account Inquiry (including authorized account), saving account inquiry, time deposit account inquiry, loan details
3. Investment information: Exchange rate inquiry, interest rate inquiry
4. Notification services: App login, reset login password, eSecure device binding and successful transfer/remittance notifications
5. Internationalization: Provide the functionality to switch between multiple languages (Chinese, English, Japanese, Vietnamese, Khmer and Lao)
6. eSecure: A secure and convenient authentication by push notification of your registered mobile device (Except Vancouver Branch, Toronto Branch and Vientiane Branch)
7. Report loss of ATM card: Available to customers of Phnom Penh Branch (including Sub-Branch)
8. Account transfer/remittance services: Available to customers of Phnom Penh Branch, Ho Chi Minh City Branch, Hanoi City Branch, Tokyo Branch, Brisbane Branch and London Branch

First Commercial Bank News

Among Member Banks

Hua Nan eyeing 10% fee income increase in 2024

State-run Hua Nan Financial Holding Co on March 20 said that it is seeking to raise fee income by 10 percent this year, but would cautiously pursue loan growth as borrowing costs remain high amid uncertainty.

"We are looking for stable earnings this year in light of ongoing geopolitical tensions and fluid economic scenes at home and overseas," Hua Nan Financial president Robert Li told an investors' conference in Taipei.

The bank-focused conglomerate's net income last year rose 24.9 percent year-on-year to NT$21.62 billion (US$678.42 million), or earnings per share of NT$1.58.

Li attributed the extraordinary showing to hefty gains from financial product trading and investment at its main subsidiary Hua Nan Commercial Bank, which generated NT$20.05 billion in net income in 2023, up 20 percent year-on-year and accounting for 89 percent of the firm's profit.

The lender's outstanding loans last year grew 10 percent from a year earlier, but interest income dropped 15.1 percent, company data showed.

Li did not mention concrete loan-growth targets for this year, saying the firm prefers to maintain a cautious outlook for the sake of risk control.

Foreign exchange swaps drove NT$10 billion of profit last year, but that might slow down once the US Federal Reserve lowers interest rates, mitigating the interest rate gap between Taiwan and the US, Li said.

Restrictive monetary policy is favorable for interest income and swap operations while raising funding costs and curtailing loan demand, he said, adding that high interest rates benefit financial institutions with many US dollar-denominated assets.

On the other hand, interest rate cuts by the Fed would ease funding costs while raising the value of US dollar debt, the company said.

It added that a 70 percent of its debt position bears fixed interest income, a benefit that does not apply to bonds with floating rates.

Despite shrinking interest income, Hua Nan Bank enjoyed 15.9 percent growth in fee income last year, supported by a 19.2 percent advance in wealth management and a 14.3 percent increase in fund sales, company data showed.

Growth momentum in fee income is expected to continue this year at 10 percent, as demand for wealth management and fund products gains speed, it said.

Hua Nan Bank is expecting to reap a windfall from being the custodian bank of the two new hit exchange-traded funds (ETFs) — UPAMC Taiwan High Dividend Momentum ETF and Yuanta Taiwan Value High Dividend ETF.

The boom in ETFs featuring quarterly or monthly distributions of cash dividends has to do with Taiwan's aging society, as such products promise better cash flow than time deposits and insurance policies, the firm said.

However, investors should be braced for volatility in their ETF portfolios, it said.

Taipei Times

Mega Financial expects exports-led loan growth

State-run Mega Financial Holding Co said that it expects loan growth this year, helped by an export-driven economic recovery, and is eyeing solid gains in wealth management amid a pickup in investment sentiment.

"We would seek to remain the best performer in terms of earnings ability this year among state-run peers," Mega Financial chairman Lei Chung-dar told an online investors' conference.

The group would consolidate its leadership position in syndicated loans, corporate banking and foreign currency operations, Lei said.

Net income in 2023 surged 81 percent to NT$33.25 billion (US$1.05 billion), or earnings per share of NT$2.37, outperforming other state-run financial institutions, he said.

That is because interest rate hikes at home and abroad shored up interest incomes, while restrictive monetary policies increased funding costs and inhibited loan demand, Mega Financial said.

Hopefully, the situation would ease in the second half of this year after the US Federal Reserve starts to cut interest rates, making corporations more willing to take out loans, it added.

However, the interest rate gap between Taiwan and the US would mitigate, becoming less favorable for foreign exchange swap operations, which generated more than NT$10 billion in trading gains in 2023, it said.

The company's banking arm, Mega International Commercial Bank, expects local tech firms to display more borrowing interest this year on the back of a positive technology product cycle and a recent artificial intelligence frenzy, Mega International Commercial Bank president David Hu said.

At the same time, Mega Financial is seeking to increase sales of mutual funds and insurance policies by 30 percent this year, as Taiwanese demonstrate better risk appetite, Mega Financial said, citing avid interest among retail investors for exchange-traded funds.

Mega Bank is collaborating with department stores, airlines, travel agencies and online hotel booking operators to win customers and boost credit card spending, it said.

However, the group's non-life insurance wing, Chung Kuo Insurance Co, remained a profit drag due to lingering COVID-19 insurance claims, it said.

Chung Kuo Insurance is contemplating capital increase plans to improve its financial health after setting aside NT$2.8 billion in 2023, it added.

Taipei Times

Among Member Banks

Bangkok Bank wins four Best Bond 2023 awards

Bangkok Bank wins four Best Bond 2023 awards emphasizing its status as a 'trusted partner' for financial solutions while advancing the Thai capital market towards sustainability.

Bangkok Bank Senior Vice President Corporate Finance Department Montri Upathambhakul and other bank executives representing the Bank received four awards at the ThaiBMA Best Bond 2023 award ceremony organized by the Thai Bond Market Association (ThaiBMA).

The awards were: Leading Underwriter for Corporate ESG Bond award from ThaiBMA, given to an underwriter with outstanding performance in corporate bonds issued under the green, social, sustainable financing framework and a prominent role in the development of Thailand's ESG bond market; Best Outright Primary Dealer award from the Bank of Thailand (BOT), given to a counterparty that provides outstanding support for e-Outright transactions to the BOT as well as supporting a healthy level of liquidity in the Thailand's bond market; Best Primary Market Contributor award from the Ministry of Finance (MOF), given to a financial institution achieving the highest allocation of government bonds in the primary market in 2023; and MOF's Sustainability Bond Contributor award from the MOF, given to a financial institution achieving the highest allocation of sustainability bonds issued and procured by the MOF. The event was held at Siam Kempinski Hotel Bangkok.

Bangkok Bank

Agribank set aside VND 20,000 billion in preferential credit for large businesses

In order to support businesses in accessing capital to promote production and business, Agribank set aside VND 20,000 billion to implement a short-term preferential credit program for large businesses with interest rates up to 2.0% p.a. lower than normal lending interest rates.

With a key role in implementing monetary policy, economic development, and ensuring social security, Agribank always proactively allocates preferential capital to support business customers to improve operational efficiency and expand production and business.

From February 27 to December 31, 2024, large corporate customers can access short-term preferential interest rates up to 2% p.a. lower than normal lending interest rates from Agribank to supplement working capital to implement production and business plans. The incentive program targets businesses with effective business plans and operations and in need of short-term loans.

In addition to enjoying preferential loan interest rates, businesses participating in the program can also use modern banking facilities and products and services, creating a comprehensive and flexible financial solution to overcome difficulties. Several products for corporate customers such as: Term deposits, payroll services, bill payments, automatic investments, electronic tax payment, trade finance services, foreign currency trading, corporate credit cards, electronic banking, etc.

In 2024, Agribank plans to spend more than VND 100,000 billion in preferential capital for corporate and individual customers with credit needs. Since the beginning of the year, Agribank has proactively adjusted to reduce lending interest rates, implementing credit programs with a scale of more than VND 120,000 billion with lending interest rates 2.5-3% p.a. lower than normal interest rates to encourage and support customers. Agribank has also implemented credit incentives for corporate customers investing in projects in 6 key industries (fixed interest rate for the first year only from 6.0% p.a.); for small and medium-sized enterprises to borrow additional short-term working capital (with preferential interest rates up to 1.5% p.a. lower than usual).

On February 22, 2024, the Prime Minister signed and issued Directive No. 07/CT-TTg on solutions to improve national labor productivity, improve production and business efficiency, and promote investment and development of state-owned enterprises. Implementing this policy, Agribank continues to set aside VND 20,000 billion for short-term loans with special preferential interest rates to support 19 groups and corporations that have made many important contributions to the country's socio-economic development, for a strong and prosperous Vietnam.

In addition to proactive solutions to support business customers, Agribank also offers credit incentives for individuals for consumption purposes, private enterprises for production and business purposes, and incentive programs in the green sector that contribute to implementing the Net Zero commitment and developing a green and sustainable economic model in Vietnam.

Agribank

Banking and Finance Newsbriefs

Hong Kong

HSBC, Hong Kong's science park sign 3-year partnership to drive fintech development

Hong Kong's largest bank HSBC and start-up hub Hong Kong Science and Technology Parks (HKSTP) will work together to drive fintech development, supporting the city's aspiration of creating a digital economy and becoming an international hub for such technology.

The two entities signed a three-year agreement on March 18 to leverage their resources, expertise and networks to foster collaboration. The partnership is the first "public-private cooperation between the city's largest innovation and technology ecosystem and leading global bank", the companies said on March 19.

"Bank-fintech partnerships unlock value for parties on each side of the equation, making banking better for consumers and businesses alike," said Luanne Lim, CEO of HSBC Hong Kong.

Under the partnership, HSBC and HKSTP will build an "international fintech corridor" that will see collaboration between Hong Kong fintech firms and global partners and attract companies to set up in the city. Outputs will include market insights, services, and events such as HKSTP's annual event Elevator Pitch Competition.

Hong Kong is home to 1,000 fintech companies and over 4,000 start-ups, including more than 10 unicorn companies valued over US$1 billion, according to InvestHK.

Green finance is a promising area for fintech start-ups in Hong Kong, and the government recently announced a subsidy scheme for start-ups with expertise in the collection, analysis and reporting of sustainability data.

South China Morning Post

Iran

Central Bank of Iran defends exchange rate policy as rial spirals

The Central Bank has responded to increasing criticism regarding its decision last month to permit banks to sell certificates of deposits (CoDs) with a 30% interest rate.

Iran's economy, beset by sanctions and internal mismanagement, has long been precarious. Yet the recent dramatic depreciation of the Iranian rial—plunging over 15% to 582,600 against the dollar on the open market on February 27—underscores a new chapter in the nation's protracted financial crisis. This latest sharp decline, triggered by the death of three Americans in a drone strike by Iran-backed militants, has not only intensified the economic woes of a country already grappling with inflation exceeding 50% and unemployment rates nearing 10% but has also deepened the socio-economic divide, affecting Iranians across the spectrum of society.

Financiers lamented the Central Bank of Iran (CBI) for attempting to control the growth of exchange rates in previous months by introducing a financial mechanism to move people away from buying dollars on the street.

Despite the recent stability in the currency market, experts argue that banks may struggle to meet the high returns, given the unlikelihood of business activities generating such substantial profits.

In addition to the CoDs adverse effects, many believe that the slowdown in exchange rates was primarily due to stability in the country's political standing, as the spike in exchange rates was more of a response to the escalating risk of regional conflict following the US servicemen's killings.

In its statement, the CBI said its focus on controlling inflation and supporting production was the key to its currency strategy.

It stated that the primary objective of CoDs was to channel resources towards productive sectors, thereby fostering economic growth and job creation. The CBI also refuted claims of selling CoDs to corporations, stating that retail investors comprised the majority of buyers.

The interest rate on deposit certificates is determined based on the returns of the projects.

The statement further asserts, "These projects have undergone scrutiny and approval by the banks' boards of directors, undergone special auditing, and will be monitored by the banks to ensure proper utilisation of funds."

Furthermore, the Central Bank clarified its intentions to use special deposit certificates to provide working capital for businesses. These certificates will be issued for specific enterprises and projects, with the allocated funds dedicated solely to financing the applicants.

However, behind the scenes, the Bank is increasingly injecting dollars into the Ferdowsi Street market to calm potential panic, according to several experts who are increasingly concerned that the current management of the CBI is beginning to lose their grip on the situation.

The re-imposition of sanctions by the US, following its withdrawal from a nuclear agreement (JCPOA), has not only stifled economic growth but has also propelled more Iranians into the throes of poverty. This punitive external pressure, coupled with internal economic mismanagement, has left the Iranian economy teetering on the brink, with little hope for a swift recovery.

Meanwhile, in the gold markets in Tehran and other cities, each gram of 18-carat gold reached IRR30mn earlier on February 27, as people switched to holding the fine metal as a security measure.

Gold sovereign prices have also increased in recent hours, with the Azadi and Emami (previously known as the Pahlavis) trading for IRR318mn and IRR339,500,000, respectively.

Prices are expected to climb in the run-up to the Persian New Year Nowruz, which happens on March 20 this year. Annually, from the first weeks of March until the holiday period, Iranians regularly purchase gold, as annual prices for goods come into effect in the first week of April.

bne IntelliNews

Banking and Finance Newsbriefs

Japan

Japan brings era of negative interest rates to an end with first hike in 17 years

Japan has ended its negative interest rate policy, marking a historic shift away from an aggressive monetary easing program that was implemented years ago to fight chronic deflation.

As part of the decision, the Bank of Japan (BOJ) raised interest rates for the first time in 17 years, lifting its short-term rate to "around zero to 0.1%" from minus 0.1%, according to a statement posted on its website on March 19.

The BOJ has battled deflation and economic stagnation since the late 1990s. Over the years, it has sought to encourage prices to rise by using a combination of conventional and unconventional monetary policies, including zero or negative interest rates and large-scale asset purchases.

"Japan's economy has recovered moderately, although some weakness has been seen in part," it said in the statement on March 19.

Recent data and anecdotal information have shown that the virtuous cycle between wages and prices has become "more solid," it added.

As inflation rose and interest rates elsewhere went up, pressure had grown on the BOJ to wind down its negative interest rate policy (NIRP).

CNN

South Korea

South Korea's FSC announces two new initiatives to expand open banking

The Financial Services Commission (FSC) of South Korea has set out two new policy initiatives designed to further develop and expand the availability of open banking services in the country.

The first initiative will see an expansion in the scope of data available to open banking across both personal and business accounts. This will enable third parties using open banking to make multi-account inquiries simultaneously and in real time.

Including business account data in this scope specifically is intended to allow financial services companies to launch more tailored fund management products for their corporate clients.

The second initiative by the FSC is seeking to make open banking available in an offline capacity, such as through bank branches. This effort will mean that account holders will be able to use any bank or bank branch to action services like account inquiries and money transfers.

South Korea currently has two forms of infrastructure at play to support its open banking endeavours. This includes its open banking service which, launched in December 2019, the FSC says has "become an essential payment infrastructure" for fintechs in the country.

The second infrastructure, the API-based MyData service, provides a government-backed hub for consumers to take control over how their data is applied to open banking, and was first introduced in January 2022.

The FSC says it plans to draw up a roadmap for bringing the second generation of the MyData service to fruition, which will include a platform "where financial consumers can experience more diverse and convenient services in a safer manner".

Kim Soyoung, vice chairman of the FSC, states that although the existing systems have "made accomplishments in improving convenience for financial consumers and enabling innovative financial services", the two new initiatives will help continue this momentum, especially in granting offline access for the financially excluded.

Fintech Futures

Malaysia

BNM: Malaysia's banking system remains well-capitalised, resilient against liquidity shock

Malaysian banks remain well-capitalised to absorb unexpected shocks and support financial intermediation in the economy, according to Bank Negara Malaysia.

This is based on the banking system's total capital ratio of 18.5% and capital buffers in excess of the regulatory minimum at RM142.6 billion as at end-December 2023, it said in its Financial Stability Review — Second Half 2023, released on March 20.

Liquidity and funding positions of the banking system remained strong, with aggregate liquidity coverage ratio at 160.9% and net stable funding ratio at 118.2%, both well above regulatory minima, it said.

Hence, the banking system remained resilient against liquidity shocks, as the large buffers continued to preserve banks' capacity to support credit to the economy and absorb unexpected losses.

They also enabled banks to sustain dividend payouts, which have largely returned to payout ratios observed before the pandemic for most banks.

The Edge Malaysia

Banking and Finance Newsbriefs

Mongolia

ADB and Mongolia sign $15 million additional financing agreement

The government of Mongolia and the Asian Development Bank (ADB) signed a $15 million additional financing agreement to help improve access to quality pre-primary, primary, and secondary education in Mongolia on March 3, Montsame reports.

ADB East Asia Department Director General Muhammad Ehsan Khan and Minister of Finance Javkhlan Bold signed the agreement in Ulaanbaatar.

"Economic recession caused by the COVID-19 pandemic resulted in significant cuts in the education budget. Unless we expand school facilities, we risk exacerbating missed educational opportunities caused by the pandemic, especially for disadvantaged children," Muhammad Ehsan Khan said.

The ongoing $50 million Sustaining Access to and Quality of Education During Economic Difficulties Project was approved in November 2017 to help the government improve access to and the quality of pre-primary, primary, and secondary education. The project is constructing and expanding a total of 21 schools and kindergartens in Gobi-Altai, Darkhan-Uul, and Govisumber provinces, and Ulaanbaatar city. It is also supporting curriculum and assessment system reforms, supplying educational materials, and training teachers, school managers, and local education administrators.

The additional financing project will scale up the scope of the ongoing project by constructing, expanding, and furnishing three more schools and six more kindergartens. A total of 30 schools and kindergartens will be built and expanded under the project. The buildings will also incorporate climate adaptation and resilience measures to minimize climate-related disruptions, as well as increase energy efficiency. The project is funded by ADB's concessional ordinary capital resources and is expected to be completed in February 2027.

AKIpress News Agency

Philippines

BSP: Only two of six PH digital banks are profitable

Only two of the six digital banks in the country are profitable, with losses likely to persist in the medium term as the nascent industry continues to find the right business model for their target market with a largely untested credit profile.

“There are two among the six banks that are profitable, but the expectation is that it would take about five to seven years before a digital bank becomes profitable,” Bangko Sentral ng Pilipinas (BSP) Director Melchor Plabasan said at a press conference.

The BSP declined to identify the two, but the six digital banks operating in the country are UNO Digital Bank, UnionDigital Bank, GoTyme, Overseas Filipino Bank of state-run Land Bank of the Philippines, Tonik Digital Bank and Maya Bank.

Plabasan shared that only 5 percent of digital banks globally are profitable.

The struggle to turn profitable stemmed from digital banks’ problems with their lending activities, BSP Governor Eli Remolona Jr. said at the same news briefing.

Data from the BSP showed that 14.49 percent of the entire credit portfolio of digital banks had turned sour in 2023, significantly higher than the 3.24-percent ratio recorded for the entire Philippine banking industry.

That problem is forcing digital banks to set aside a hefty amount of their capital as a buffer against losses from unpaid loans instead of using the money for new lending activities. In turn, the very high provisioning is adding to digital banks’ already elevated expenditures.

For this reason, Remolona said that while digital banks are doing well in raising deposits online, the BSP is “not yet comfortable” with the industry’s overall performance—a deciding factor for regulators to welcome new players or not.

“I think many are interested, quite a few are interested, and they can’t wait for us to open it up,” the BSP chief said. “We’re looking at what’s going on and we’re trying to understand the new business models that they bring.”

In 2021, the BSP imposed a three-year moratorium on applications for digital banking licenses to give the regulator enough time to monitor the performance of this new breed of lenders and their impact on the financial system. The central bank will release an industry report within the first quarter of the year.

Plabasan said the upcoming industry report of the BSP would include recommendations on whether the time is right to accept more players in the industry.

“We are expected to submit an industry report and part of that report is a recommendation on whether to, let’s say, is it going to be a partial lifting, is it complete lifting, or is it going to be an extension of the moratorium,” he said.

“But so far, the six digital banks have already generated around 8.7 million deposit accounts which represent around 7 percent of the total of the Philippine banks,” he added.

Business Inquirer

Banking and Finance Newsbriefs

Qatar

Qatari banking sector assets rise to $540 billion

Qatar's banking sector's total assets saw a 0.2 percent month-on-month increase in January 2024 totaling QAR1.974 trillion ($542 billion), reported QNB Financial Services (QNBFS) in its monthly banking sector update. The banking sector demonstrated stability and resilience, with modest growth in total assets, loans and deposits.

Qatar's banking sector total loan book saw a 2.5 percent increase compared to December 2023. Total public sector loans increased by 6.5 percent while total private sector loans increased by 1.0 percent in January 2024 compared to December 2023.

Within the public sector, Qatar's government segment, which represents around 31 percent of public sector loans, was the main growth driver with a 16.0 percent increase in loans. Meanwhile, the government institutions segment, which represents around 63 percent of public sector loans, saw a 2.8 percent increase in loans.

In the private sector, consumption and general trade were the main drivers for the increase in loans. The 'consumption and others' segment, which contributes around 21 percent to private sector loans, increased 1.8 percent. Meanwhile, general trade, which contributes around 21 percent to private sector loans, increased by 1.5 percent month-on-month.

Deposits saw a 2.9 percent increase in January 2024. As deposits gained, the loan-to-deposit ratio went down to 130.1 percent compared to 130.6 percent in December 2023.

There was also an increase in public sector deposits by 5.3 percent in January 2024 compared to December 2023, while private sector deposits increased by 1.6 percent. Moreover, non-resident deposits saw a 1.5 percent increase during the same period.

In the public sector, the government segment saw a staggering 14.3 percent increase in deposits, while the government institutions segment deposits increased by 3.2 percent. However, the semi-government institutions segment's deposits declined by 3.4 percent during the same period.

In the private sector, the consumer segment deposits saw a 2.1 percent increase, while the companies and institutions segment saw a 1.0 percent increase in deposits.

Economy Middle East

Singapore

More banks in Singapore to offer money lock feature, but take-up rate low among young adults

At least three more major banks – HSBC, Maybank and Standard Chartered – are set to offer the "money lock" feature to Singapore customers as early as by the middle of this year.

The anti-scam security feature adds a layer of protection to accounts by allowing users to set aside portions of their funds that cannot be transferred digitally.

The move follows the introduction of the safeguard in November 2023 by major local banks DBS, OCBC and UOB.

The banks said that while the number of people using the feature to protect their savings is growing, most of them are older customers.

Young adults under 30 make up as little as 15 per cent of such "money lock" users.

In the three months since the feature launched, over S$5.4 billion (US$4 billion) in savings have been "locked up" in over 61,000 bank accounts across DBS, OCBC and UOB.

Once their money is locked, users can only unlock their funds in person at bank branches or via ATMs, depending on the bank.

UOB said the number of its LockAway accounts and funds deposited in them grew by about 50 per cent from January to February 2024.

Similarly, DBS said it is seeing an average of S$5 million being locked up daily in its extended digiVault feature at the beginning of the year.

OCBC said that more than 45,000 accounts and over S$5 billion in savings have been locked by customers.

All three banks currently providing the feature said customers who use "money lock" tend to be older.

UOB said most customers storing their cash in their separate LockAway accounts are 45 years old and above.

OCBC said that among users of its Money Lock feature, those aged 50 and above make up 35 per cent, while those between 30 and 50 years old account for 50 per cent. Those under 30 years of age form just 15 per cent.

Banks said they are reaching out to younger customers on social media to encourage them to keep their money safe by utilising the feature.

"Specifically for the age group 30 years and below, we carry out very targeted communication. It's important that they plan their finances carefully, keeping their funds sufficient for expenses," said Mr Dennis Lee, head of risk and prevention at OCBC.

"The savings that they build up along the way for emergency use, for maybe their first home or marriage or their dreams, they should periodically lock them away from time to time so that they remain protected on an ongoing basis."

CNA

Banking and Finance Newsbriefs

Sri Lanka

IMF sees no problem in Sri Lanka central bank building reserves with fx swaps

Entering into foreign exchange swaps, was one of the ways endorsed by the International Monetary Fund for Lanka's central bank to build reserves, an official said.

Sri Lanka busted all its reserves and also 'reserves' borrowed through swaps to suppress interest rates and enforce its bureaucratically decided policy rate during the last currency crisis.

"Rebuilding reserves is a very important component of the IMF supported programs," Deputy Mission Chief for Sri Lanka Katsiaryna Svirydzenka.

"One, is what we call organic purchases by the central bank in the foreign exchange market.

"The other one is rebuilding reserves for engaging with swaps.

"This can either be swaps with domestic banks, but also swaps with other central banks. The latter is a very important part of both global and regional financial safety nets."

Central bank swaps were invented by the Fed in the 1960s when the US dollar came under pressure due to 'macro-economic policy' where rates were suppressed with open market operations leading to less activist European central banks demanding US gold reserves.

Using reserves and sterilizing the intervention (offsetting the reserve sales with newly printed rupee reserves into banks by repurchasing government debt in their balance sheets) allows an IMF-prone central bank to delay a correction in the interest rate and domestic credit.

Raising dollars through swaps allow a reserve collecting central bank to maintain a bureaucratically decided 'rate cut' beyond its actual foreign reserves and get into debt.

In the last currency crisis, Sri Lanka's central bank ended up with negative foreign reserves (minus net foreign assets) of about 4.5 billion US dollars after using swap proceeds and borrowings from the Reserve Bank of India to delay a correction in domestic credit.

Some East Asian central banks (which do not customarily acquire domestic assets), use fx swaps to alter bank reserves and provide short term liquidity.

Unlike an 'organic' purchase of dollars, which are bought outright, dollars temporarily acquired by the central bank from commercial banks through a swap transaction have to be returned to the counterparty at the end of the contract at the same exchange rate.

Swaps also allow inflationist macro-economists to inject domestic money below the transparently declared polity rate into banks, (depending on the dollar cost of the commercial bank in question) with the exchange rate risk under-written by the central bank, critics say.

If the dollars are used, a negative open position is created in the books of the central bank.

Compared to 4.5 billion US dollars of gross foreign reserves reported by Sri Lanka's central bank by January 2024, 3.29 billion dollars were encumbered by swaps.

A 1.5 billion US dollar equivalent in Chinese swap was not allowed to be used by the People's Bank of China, saving the country from further monetary instability and central bank debt.

Regardless of the new swaps, the net negative position in foreign assets has been brought down to about 2.34 billion US dollars by January 2024 with the use of deflationary policy from around 4.5 billion US dollars during the crisis.

EconomyNext

Taiwan

Taiwan Central Bank announces surprise interest rate rise of 12.5 basis points

The Central Bank of the Republic of China (Taiwan) said on March 21 that it has decided to raise its key interest rates by 12.5 basis points after concluding a quarterly policymaking meeting that day.

The decision surprised observers, with the local central bank saying it will continue its efforts to combat inflation, in particular after the U.S. Federal Reserve decided overnight to keep interest rates unchanged after a two-day policymaking meeting.

In addition to the rate hike, the central bank also forecast that the local consumer price index will rise 2.16 percent in 2024, a sharp upgrade from the 1.89 percent estimate it made in December.

The decision to hike interest rates came after three consecutive quarters in which the central bank left rates unchanged. Before Thursday, the central bank had raised interest rates by 75 basis points since its quarterly policymaking meeting in March 2023

Market analysts have speculated that a electricity tariff hike in April could add upward pressure to local inflation.

Yang Chin-long, governor of the local central bank, said at a legislative hearing last week that it was likely the local consumer price index (CPI) would top 2 percent in 2024, an alert set by the bank.

The Ministry of Economic Affairs (MOEA) is scheduled to convene a power rate evaluation meeting later this week to discuss electricity rates, as state-owned Taiwan Power Co. (Taipower) continues to report heavy losses. The MOEA is expected to announce power rates increases with effect from April to help alleviate Taipower's losses.

Taipower has reported NT$382.6 billion (US$12.03 billion) in accumulated losses, with NT$198.5 billion recorded in 2023 alone.

In the first two months of this year, the CPI rose 2.43 percent from a year earlier after a spike of 3.08 percent in February, when the Lunar New Year holiday sparked a buying spree and added upward pressure to inflation.

Focus Taiwan

Banking and Finance Newsbriefs

Thailand

Thai banks to charge 1% fee for payments abroad from May 1st

Starting from May 1st, Thai commercial banks will impose a 1% Dynamic Currency Conversion (DCC) fee on cash withdrawals or payments made abroad by their customers.

The same fee will apply to the use of Visa or Master credit cards for transactions outside Thailand, including online purchases from foreign-registered stores.

This includes payments for services like Netflix, shopping on platforms like TikTok, Alibaba, or Amazon, and booking hotels through Agoda. The banks justify the DCC charge as standard practice for international transactions.

If a transaction is cancelled, the 1% DCC fee will be refunded to the primary cardholder's credit card account. Kasikornbank, Bank of Ayudhya, TMB Bank, UOB (United Overseas Bank), KTC, Cards EX, and AEON Thana Sinsap have informed their customers that the fee will be implemented from May.

Thailand Business News

Vietnam

Vietnam Central bank told card issuers to review procedures

The State Bank of Vietnam (SBV) has issued a directive, demanding commercial banks conduct reviews on their procedures in issuing and managing bank cards.

The central bank said its top priority is to ensure that security measures are up to standards and the rights of both consumers and banks are protected under existing laws and regulations.

Banks must take all necessary steps to make their fees, interest rates and interest calculation methods available to the public and strictly follow the central bank's rules. They must also make sure customers are informed about their rights and obligations, especially for credit cards.

Banks were told to review the entire process of handling complaints and reconciliations to ensure customer cases are resolved promptly. The banks are held responsible for contacting their customers about unusual activities, as well as non-activities, regarding their cards. They were also told to work together with Governmental agencies in security matters.

The central bank asked commercial banks to implement communication measures, through mass media, communication channels that customers can easily access, to keep them informed of their rights and obligations and to advise them on security measures to protect personal data and bank card information.

Vietnam News

Publications

Digital Progress and Trends Report 2023

Digital technologies are transforming economies, creating jobs, and improving lives. They have dramatically changed communications, business, health, education, finance and more.

Yet the digital divide remains stark and is becoming synonymous with a development divide. Billions of people around the world are still offline, and digital advancement has been uneven, exacerbating the gap between the digital haves and the have-nots.

This report tracks global progress of digitalization and countries' production and use of digital technologies, from digital jobs, digital services exports, and app development to internet use, affordability, quality, and more.

The report also highlights policy shifts and debates, with a focus on developing countries. Two clear trends have emerged that are shaping our digital future: the importance of digital public infrastructure and the transformative emergence of artificial intelligence.

Closely measuring digital progress, especially in developing countries, will help policy makers and the private sector best direct their efforts to close the digital divide.

Publication: World Bank Group

Publications

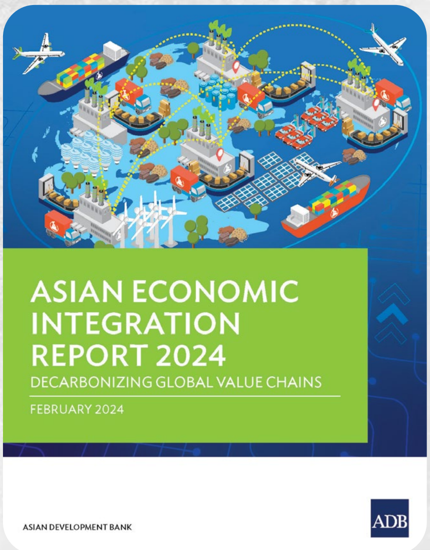
Asia Bond Monitor – March 2024

This edition reviews developments in local currency bond markets in emerging East Asia during the fourth quarter of 2023. While the size of these markets expanded by 2.5% quarter-on-quarter, local currency bond issuance contracted 4.8%.

The publication notes improved liquidity in most of these markets in 2023. It includes summaries of the region's individual markets. It also looks at financial conditions in emerging East Asia between December 2023 and February 2024, noting marginal improvement.

Publication: Asian Development Bank

Asian Economic Integration Report 2024: Decarbonizing Global Value Chains



This report provides an overview of changes in trade and global value chains (GVCs), cross-border investment, financial integration, and the movement of people in Asia and the Pacific and explores ways of decarbonizing GVCs.

The report considers how deeper regional integration and greener growth can bolster trade and act as a buffer against future shocks. It looks at ways technology, carbon pricing, and trade policies can help economies tackle both supply chain vulnerability and climate change.

Publication: Asian Development Bank

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