Table of Contents

ASIAN BANKERS ASSOCIATION

Table of Contents

ABA Announcements

Virtual 37th ABA Conference to feature "Achieving Sustainable Growth in the New Normal" as theme

The Asian Bankers Association (ABA) will be holding its 37th Conference virtually on August 24-27, 2021.

The four-day online event will carry the theme "Asian Banks: Achieving Sustainable Growth in the New Normal". Experts from the banking sector, government, multilateral and regional organizations, and the academe will be invited to share their views on the topic over the following sessions:

Session One (August 24): "Responding to Challenges and Disruptions in a Changing Global Ecosystem"

With the pandemic continuing its devastating impact on global markets, countries around the world are intensely focused on transforming their economic base and preparing for what appears to be a long, tough journey ahead.

This session will feature speakers who will share their narratives on the challenges and disruptions brought about by the pandemic on their respective communities, and their efforts to find innovative solutions to adapt in the so-called new normal that has emerged from the pandemic.

Session Two (August 25): "The Role of Technology in Sustainable Growth"

The emergence of new technologies has presented opportunities to make banking more innovative, more efficient, more inclusive, less costly, more supportive of small business, and more responsive to the changing needs of customers.

This session will provide a platform for invited experts and the Conference audience to exchange views and perspectives on how technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

Session Three (August 26): "Current Banking Trends and Their Implications on Regulatory Policies"

While regulators continue to refine existing regulations implemented in the wake of the financial crisis, they are also focusing their attention on existing policy areas such as climate risk, digital currencies, technology, and innovation.

This session will feature regulators who will share their efforts in reviewing their own supervisory processes and reinforcing the core bank supervisory pillars of governance, risk management, capital adequacy and planning, liquidity management, and compliance with laws and regulations in response to the rapid changes in the banking and finance industry, and what their impact is on the industry in the years ahead.

Session Four (August 27): "Navigating the New World Order"

The pandemic and its impact on economic stability and market volatility has led to new thinking and approaches to address financial industry challenges related to operational efficiencies, alignment of interests and use of technology, marketing and client experience approaches.

This session will invite CEOs who will share their experiences and views on their efforts to reinvent their companies in order to mitigate the impact of global disruptions, such as the Covid-19 pandemic, and ensuring sustainable growth, by creating innovative solutions through the use of new business models, new pricing structures, greater outsourcing, investment in and new approaches to using technology, and more effective uses of data, among others.

Updates and other relevant information (e.g., updated program, meeting link, registration procedure, etc.) will be sent out in due course. In the meantime, should you have questions, please contact aba@aba.org.tw.

ASIAN BANKERS ASSOCIATION

ABA Announcements

58th and 59th ABA Board Meetings on to be held on September 1

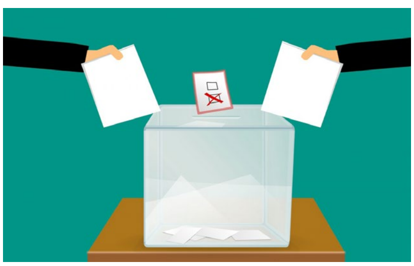
The 58th and 59th ABA Board of Directors' Meetings will be held virtually on September 1, 2021 from 2:30 PM to 4:30 PM, Taipei time.

The 58th Board of Directors' Meeting will be discussing the following agenda items, among others:

- Financial Report
- Membership Report
- Report of the ABA Policy Advocacy Committee
- Report of the Advisory Council
- Preliminary Report of the Election Committee
- Election of New Chairman and New Vice Chairman
- Resolution for a Vote of Thanks for the Outgoing Chairman

The 59th meeting will begin with opening remarks by the newly-elected ABA Chairman, after which the Board of Directors will discuss the proposed budget for 2022, the 2022-2023 ABA Work Program, the dates and venue of the 38th ABA General Meeting and Conference in 2022, and the creation of the 2022 ABA Planning Committee, along with other matters.

ABA sends out mail ballot for election of 2021-2023 ABA Board Members



The ABA Secretariat has sent out via email the mail ballot for the election of ABA Board Members for 2021-2023.

Included on the ballot is the list of duly qualified bank nominees chosen by virtue of their acceptance to serve if elected in the ABA Board of Directors for 2021-2023 and their being up-to-date with their membership fee.

ABA members are asked to vote by checking at least one name (but not more than four) to

represent each country. A total of no more than 25 names will be accepted. Ballots having more than 25 names checked will be declared invalid.

Members getting the highest number of votes for each country will be declared for election. To ensure a geographical spread of representation, each Asian country with at least one regular member is allocated at least one seat (but not more than four) in the Board. However, the Committee on Election may allocate additional seats for those countries having the biggest number of members in ABA to complete the slate of 25 seats in the Board.

By precedent, non-Asian-based banks are allocated by the Election Committee five seats in the Board but vacant seats may be filled by the Board on the recommendation of the Chairman from either Asian-based or non-Asian based banks.

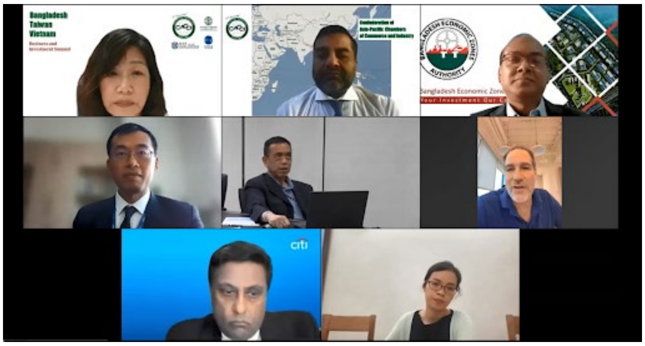
After filling in the ballot members should send it back to the ABA by email at aba@aba.org.tw or by fax at +886-2-2760-7569. The ballot must reach the ABA Secretariat no later than July 19, 2021.

CACCI Organizes First Virtual Summit on Business and Investment Opportunities

The Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI), in cooperation with the Chinese International Economic Cooperation Association (CIECA), Taiwan, the Chinese National Association of Industry and Commerce, Taiwan (CNAIC), and the Importers & Exporters Association of Taipei (IEAT), jointly conducted the first virtual CACCI Business and Investment Summit on June 4, 2021 which was attended by some 130 delegates from 24 countries.

With the COVID-19 pandemic triggering economic and social shocks globally and sparing no nation from this

ABA Announcements



devastating impact, CACCI held the Summit aiming to explore business and investment opportunities in the region. The Summit is also part of a series of activities in 2021 to celebrate CACCI's 55th Year Anniversary since its founding in May 1966.

The two-hour virtual Summit was kicked off by the Welcome Remarks of CACCI President Mr. Samir Modi. He expressed his appreciation to participants who joined the virtual Business Summit, stressing the importance of CACCI as an apex regional business organization and platform where businesses can network and explore areas of cooperation, thereby increasing business interaction and promoting regional economic growth. Mr. Modi also indicated that the Summit is only one of several activities CACCI has planned for 2021 to celebrate the milestone of its 55th founding Anniversary. And depending on the outcome of the event, more Business and Investment Summits may be organized in the future to showcase other CACCI member countries.

Moderated by Ms. Kristy Hsu, Director, Taiwan ASEAN Studies Center Chung-Hua Institution for Economic Research, Taiwan, the virtual Summit featured the following speakers: from Bangladesh — Mr. Mohammad Hasan Arif, Joint Secretary, and General Manager of Administration & Finance at the Bangladesh Economic Zones Authority (BEZA); and Mr. Shekar N. Rajashekaran, Managing Director and Sub-Cluster Head of Bangladesh and Sri Lanka at Citibank; from Taiwan — Mr. William Tang, Director at InvesTaiwan; and Mr. Brett D. Aaron, CEO of BABI International Corp.; from Vietnam — Ms. Hoang Thanh Tam, Head of the Investment Promotion Division, Foreign Investment Agency at the Ministry of Planning and Investment of Vietnam; and Mr. Brian Chen, Partner at KPMG and Director of The Council of Taiwanese Chamber of Commerce in Vietnam.

Invited speakers were requested to share their insights on the latest economic trends and investment policies in Bangladesh, Taiwan and Vietnam, as well as the business potentials and advantages that each country has to offer for foreign investors. Their presentations all indicate that, despite being impacted by the ongoing COVID-19 pandemic, their respective economies show positive outlook as they begin to regain their footing and show signs of recovery. This encouraging prospect is attested to by recent economic forecasts released by the Asian development Bank, the World Bank, the International Monetary Fund (IMF), and the UN Economic and Social Commission for Asia and the Pacific (UNESCAP).

As CACCI President Mr. Modi mentioned in his Welcome Remarks, "Given such an optimistic outlook, now is the time to invest in the region."

Training and Education

ABA, Fintelekt hold webinar on "Assessing the Impact of the FATF on Financial Inclusion"

The Asian Bankers Association (ABA) and its Knowledge Partner, Fintelekt Advisory Services, held a webinar on "Assessing the Impact of the FATF on Financial Inclusion" on June 22, 2021 at 3.30 pm SGT.

Around the world there are roughly 1.7 billion people without access to a financial account either at a bank or with a mobile money provider. For these 1.7 billion, access to financial services is constrained by several factors, including the controls in place at financial institutions to try and curtail financial crime risk.

The standards for these controls are set by the Financial Action Task Force (FATF) who, since 2019, have committed to promoting financial inclusion.

The FATF recently launched a project to examine the unintended consequences of its framework, one aspect of which focuses on financial exclusion. The Centre for Financial Crime

Training and Education

F. Christopher Calabia

Senior Advisor
Supervisory & Regulatory Policy
Bill & Melinda Gates Foundation

Isabella Chase

Research Fellow
Centre for Financial Crime & Security Studies, RUSI

& Security Studies (CFCS) at The Royal United Services Institute for Defence and Security Studies (RUSI), over the past 18 months, has researched the impacts of the FATF standards on financial inclusion.

This effort, funded by the Bill & Melinda Gates Foundation, will result in the production of two papers that will be released in mid-June. This webinar, jointly organised by Fintelekt and Asian Bankers Association, will present the findings of these two papers and highlight.

1. the impacts of the FATF framework on financial inclusion, and
2. five recommendations for how FATF could better promote and protect financial inclusion in the future.

Moderated by Fintelekt Managing Director Shirish Pathak, the webinar will feature speakers F. Christopher Calabia, Senior Advisor of Supervisory & Regulatory Policy at the Bill & Melinda Gates Foundation; and Isabella Chase, Research Fellow at the Centre for Financial Crime & Security Studies, RUSI.

Fintelekt to hold 3rd Asia Summit on AMF/CFT on July 9

Fintelekt Advisory Services, a Knowledge Partner of ABA, will be hosting its Asia AML/CFT 3rd Annual Summit 2021 from July 5th to 9th from 1.30 pm to 4.30 pm SGT/HKT.

In 2021, Fintelekt continues its endeavour to bring together expert global speakers and highlight trending issues within the AML/CFT space. Its upcoming Summit is set to include the following sessions:

Day One

Panel Discussion: Regulatory Expectations with speakers:

- Daniel Thelesklaf, Project Director – FAST Initiative, United Nations University Centre for Policy Research (UNU-CPR),
- Atty. Mel George B. Racela, Executive Director, Anti-Money Laundering Council Secretariat, Philippines
- Christiaan Barnard, Head – Financial Intelligence Unit, New Zealand
- Supranee Satitchaicharoen, Director of International Cooperation Division, Anti Money Laundering Office (AMLO) Thailand

Day Two

Detecting Trade-Based Illicit Financial Flows by Channing Mavrellis, Illicit Trade Director, Global Financial Integrity

Day Three

Are Non-Fungible Tokens the Perfect Money Laundering Tool? A Look at Mitigating AML/CFT Risks by Rob Loh, Director, Huron

Day Four

Best Practices in Sanctions Compliance by Vijayaraghavan Thopa Ravindran, Director – FCC, Sanctions Compliance, Standard Chartered Bank

ASIAN BANKERS ASSOCIATION

Training and Education

Day Five

SWIFT Institute White Paper Discussion: "The Future of Transaction Monitoring: Better Ways to Detect and Disrupt Financial Crime" with speakers:

- Guy Sheppard, Head of APAC Financial Crime, Intelligence and Initiatives, SWIFT
- Matthew Redhead, Associate Fellow, Centre for Financial Crime & Security Studies, RUSI

The complete list of speakers and agenda are available at https://www.fintelekt.com/asia-aml-cft-3rd-annual-summit-2021/. Interested parties may register for the event for free on https://zoom.us/webinar/register/WN_zJ9vUXeLRv-ph1vDC6-Thw.

For any further questions, please email contact@fintelekt.com.

Temenos' webinar on Digital Fatigue held successfully

On June 9, 2021, Temenos and Asian Bankers Association co-hosted LevelUP with Infinity webinar – "Is your bank experiencing digital fatigue? Powering through the noise to become the best digital bank."

With almost 400 registered participants, the webinar featured Dilshan Rodrigo, COO of Hatton National Bank, and Imran Vilcassim and Nicholas Edwards from Temenos who shared with the international audience valuable insights on how banks can navigate legacy challenges, as well as recommended digital transformation tips.

Every bank wants to change, but not all banks are effective at implementing that change, even during the necessities created by the Covid-19 pandemic. Thus the timely topic of digital fatigue presented in the webinar could help banks navigate the difficult operational circumstances affecting banking institutions worldwide.

News Updates

Moving from ambition to action toward a greener financial system

Reaching net-zero emissions and other climate-related and environmental goals will require significant investments to enable decarbonization and innovation across all sectors of the economy. Greening the financial system is key to making these investments happen.

Many countries are still at a nascent stage of greening their financial sector—shifting to a financial system which mobilizes capital toward green objectives and addresses climate-related and environmental financial risks. Green finance—all lending and investment that contributes to these goals—has not been able to reach the scale required. Still, the policy landscape is rapidly evolving, with new initiatives and regulations emerging across the world.

Membership of the Network for Greening the Financial System (NGFS), a group of central banks and supervisors focused on developing green finance and addressing climate-related and environmental risks, has grown more than tenfold in less than four years to 90 members and 14 observers—including the World Bank Group. The Italian G20 Presidency has established the G20 Sustainable Finance Working Group and is working on a sustainable finance roadmap for a collective way forward. Also, the Financial Stability Board, an

News Updates

international body that monitors and makes recommendations about the global financial system, is monitoring the potential implications of climate change for financial stability and is reviewing regulatory and supervisory approaches to addressing climate risks for financial institutions. All these global efforts aim to build a strong foundation for greening the financial sector, including through financial regulation, taxonomies, reporting and disclosure standards, and the development of green financial tools and instruments.

Building on this global momentum, several leading financial authorities have implemented policies and actions to amplify the role of the financial sector in achieving climate and environmental goals. For example, South Africa published a technical paper on Financing a Sustainable Economy in 2020, which is a key driver of its broader Sustainable Finance Initiative, supporting implementation across government and the financial regulators. The Financial Superintendency of Colombia has defined the promotion of green finance and the management of environmental and climate risk as strategic objectives. The country has published several key documents, including the Green Bond Guidance and Regulation, and will shortly issue specific guidance on climate-related risk management, governance, and disclosure for the banking sector.

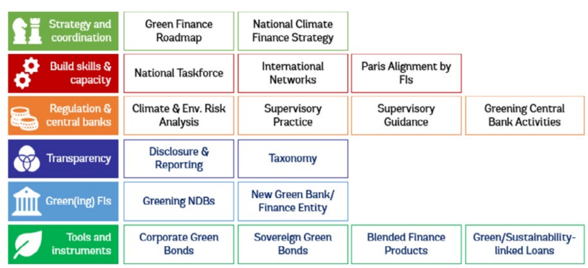
Sharing lessons and best practices on green finance will help countries move from ambition to large-scale action. Knowledge sharing and cooperation across countries will be instrumental in delivering an internationally harmonized approach to greening financial sectors globally, and it will help ensure that finance is flowing to where it is most urgently needed.

However, for many countries just getting started on their green finance journey, the landscape could be challenging to navigate. Emerging markets and developing countries may encounter specific challenges to building a financial system that encourages climate-friendly investment. Countries may struggle to set long-term credible strategies and there may be misalignment between financial sector policies and climate and environmental objectives. Local capital markets are often underdeveloped, a constraint to all finance, including sustainable bond markets. This approach might therefore require a different course from that followed by advanced economies with diversified financial centers.

Careful consideration of local circumstances will be instrumental in prioritizing and developing the appropriate country approach. For example, in many emerging market and developing economies, the banking sector is of particular importance which may warrant prioritization of specific toolkits that target banks.

Against this backdrop, the World Bank published the Toolkits for Policymakers to Green the Financial System, to guide authorities as they develop a greener financial sector. The report provides a menu of options that authorities could consider to scale-up green investments, stimulate local green finance markets, and enhance climate-related and environmental risk management. It summarizes the main characteristics of each approach, provides key actions to drive implementation, and references publications that provide more detailed guidance. The toolkits are grouped into six categories, each designed to achieve different outcomes (Figure 1).

Figure 1: Overview Toolkits for Greening the Financial System



A wave of change is coming that could transform the financial sector, which could in turn have a profound impact on how we shift the real economy toward net zero and other climate and environmental goals. The World Bank Group will continue to support client countries as they create an enabling environment to mobilize green finance and manage climate-related and environmental risks. Developing practical guidance, such as these toolkits, will allow us to move from ambition to action, as more and more countries set sail to green their financial sector.

World Bank Blogs

ASIAN BANKERS ASSOCIATION

News Updates

US remains far ahead of global pack as financial centre: study

The United States remains the world's dominant financial centre, well ahead of nearest rival Britain, whose lead over Frankfurt and Paris so far easily outweighs the hit from Brexit, a study from New Financial think tank said on June 10.

"Brexit and the potential impact on the City of London has catalysed the debate around the relative strengths and weaknesses of different financial centres around the world," New Financial said.

Its rankings for 65 markets echo those from similar surveys such as Z/Yen Group, but New Financial's focus on actual domestic and international financial activity, rather than on qualitative factors like business and regulatory environments, highlights the catch-up required by centres to get ahead.

The United States scored an overall 84 out of 100, more than double the UK's score of 35, which in turn is nearly three times that of France, Germany or Luxembourg. New Financial used data from 2016 to 2019.

China, at 29 points, is the third largest financial centre, ahead of Japan (19 points), Hong Kong (14) and France (13), because its huge domestic financial sector compensates for relatively weak international activity.

"Markets in the Asia Pacific account for four of the top 10 financial centres and eight of the top 20 in the world, and have grown most rapidly since 2016," New Financial said.

While Brexit has raised concerns in Britain about the need to keep the City globally competitive, the EU is bolstering its "strategic autonomy" in finance by forcing euro stock and swaps trading to leave London for the bloc, and is now targeting euro clearing.

In 2019, Britain had 42% of all financial activity in an EU that still included the UK.

In ten sub-sectors that include hedge funds, foreign secondary equity issuance and trading, FX, clearing and commodity derivatives trading, it has more international activity than the now EU of 27 member countries combined, New Financial said.

Reuters

Will traditional banking be obsolete in Southeast Asia by 2030?

It's no secret that physical banks are slowly dying out, due in no small part to a shift towards self-serve and digital services, pushing digital banking to the fore for many consumers across the world. From 2010, over 67,000 branches were consolidated in mature markets in Western and Eastern Europe and North America, whilst over 139,000 branches opened in emerging markets such as Asia Pacific (APAC), the Middle East & Africa, and South America.

Trends in Southeast Asia

However, the trend in emerging markets, especially Southeast Asia (SEA), is seeing a 180-degree shift ten years on. A recent report by global consulting firm Roland Berger has projected the closure of over 9,000 bank branches (or 18%) in Southeast Asia alone by 2030. In Singapore and Brunei, this consolidatory trend has actually been growing since 2010, with an additional 20% of banks there to close their branches in the next ten years.

According to the report, the most significant market consolidations include Indonesia, Thailand and Malaysia, as these economies move towards continued growth coupled with higher internet penetration, increased digitalization of their populations, and the growing irrelevance of physical branches. Governments are also recognizing the allure of digital banking as they increase regulations and initiatives to facilitate the growth of said sector.

Digital banking disruption

The reign of traditional banking is being hotly challenged as fintech is increasingly disrupting the industry. Fuelled by changing consumer demands, especially by the younger crowd, and adoption by the great unbanked, the allure

News Updates

of fintech rests in how these services can address multiple pain points for consumers, offering consumer control and user-centric services.

The innovation that is open banking (where third-party financial services can access financial and banking data of consumers through APIs) is also seeing an increased uptake by consumers globally. Also known as 'open source banking', there is much reluctance from traditional finance institutions as myths about privacy and legal risks abound, which are largely mitigated by the simple fact that these services require clear consent from consumers.

Nevertheless, these digital disruptions are strongly expected to actually improve economies as their services are far more appealing to consumers at large, including the unbanked, due to lower costs, higher efficiency, and more innovative product offerings. In SEA, financial regulators are showing support for fintech, with both Singapore and Malaysia handing out virtual banking licenses in support of these innovations, whereas Indonesia will roll out more regulations by mid-2021.

Digital: the banking 'New Normal'?

Over 40% of the world's largest banks are Asian (by asset size), accounting for over half of market capitalization, making it the world's largest banking market for the past decade. Where Asia once fell behind strong and mature economies on many fronts, it is now seeing rapid and huge increases in internet penetration and adoption of online services and technology.

Whilst experts doubt that physical banking will see total death, the prognosis isn't all too great either. Consumers are demanding more digitized services, and this shift to digital is expected to serve the great consumer market across Asia.

Even cards are not spared – consumers in Asia are shunning them in favor of e-wallets, with over 50% of transactions occurring through them for e-commerce payments. This number is staggeringly higher in China, with over 90% of consumers on the uptake.

The trajectory seems clear, the platform economy is being driven by consumer demands for digitalized banking and financial services. This paradigm shift in consumer attitudes and behaviors is a prime opportunity for digital banking institutions and service providers to tap into this growing market of both banked and especially unbanked consumers, given that a huge segment of the latter population are based in SEA.

So how should traditional banks, known for their resistance and slow adoption of digitization, deal with these challenges? Roland Berger suggests they realign their business structures to optimize them for the platform economy. As such, banks would need to think about where to focus: customer relationship, banking products, or technology.

Techwire Asia

Banking and Finance one of threat actors' top targeted sectors in Asia Pacific in 2020: Ensign report

Ensign InfoSecurity (Ensign), Asia's largest, pure-play cybersecurity firm, unveiled on June 14 the findings of its Cyber Threat Landscape 2021 report, which found that the technology, manufacturing, and banking and finance industries were the top targets in Asia Pacific for threat actors in 2020.

Ensign's latest report provides insights into the cyber risks and threats that surfaced across four Asia Pacific markets – Hong Kong, Malaysia, Singapore, and South Korea – as the pandemic dramatically reshaped the business landscape. It also explores cyber threat trends that are emerging or will persist in 2021. Here are the key findings and insights from the report:

Sector analysis: Threat actors targeted the technology sector to achieve economies of scale

Technology service providers were attractive targets for threat actors as many organisations have engaged their services during the pandemic to ensure business continuity. A successful cyber attack would allow the threat actors to obtain the credentials of these service providers' clients, gaining them illicit

News Updates

access to a wide range of companies.

Threat actors also targeted technology hardware and software vendors to breach and implant malicious codes and components into the vendors' product development systems. This enabled the perpetrators to rapidly develop zero-day exploits or create backdoors to compromise the integrity of the products, allowing them to readily reach a larger pool of targets.

The threat actors' focus on these sectors is a concern as organisations continue to invest in digital technologies. According to IDC, digital transformation investments in Asia Pacific including Japan and China (APJC) are poised to hit an estimated US$921 billion by 2024, compared to US$430 billion in 2019. Additionally, IDC estimates that by the end of 2023, 80% of enterprises in Asia Pacific will put mechanisms in place that will enable them to shift to cloud-centric infrastructure and applications twice as fast as before the pandemic.

"Technology suppliers and service providers will continue to be lucrative targets for threat actors as organisations become increasingly reliant on digital technologies to support their business operations and position themselves for the future. If threat actors can successfully compromise just one of these companies' systems, it can create a ripple effect that will impact large groups of organisations across industries and geographies," said Steven Ng, CIO and EVP of Managed Security Services, Ensign.

"Organisations need to recognise that as their cyber supply chain ecosystem expands and diversifies, they will also need to take additional steps to mitigate the elevated cyber risks that come with it. This includes increasing the organisation's situational awareness by maintaining a complete inventory of the software, hardware, and information assets that are within their network, and those managed by their partners and vendors," added Steven.

Sector Analysis: Threat actors exploited Covid-19-induced disruptions and set their sights on trade secrets

Ensign highlighted that in 2020, threat actors attacked manufacturing companies with ransomware. The perpetrators understood that these companies' production capabilities were already strained due to the pandemic-induced supply chain disruptions. This made manufacturers more willing to pay the ransom to resume operations quickly and avoid further production disruption.

Cyber adversaries also targeted manufacturing companies to steal their trade secrets, including industrial design, operational knowledge, as well as source materials and suppliers. These types of information are particularly valuable as they can significantly undermine the victims' competitive edge while boosting the capabilities of their competitors.

Sector Analysis: Threat actors intensified social engineering attacks and sought to exploit remote working arrangements in the banking and finance sector

As countries went into lockdown during the pandemic in 2020, there was increased usage of online banking services. This led threat actors to ramp up their social engineering attacks by faking banking websites and mobile applications to deceive bank customers into disclosing their credentials.

The report also revealed a greater increase in threat activities in this sector due to the widespread adoption of remote working arrangements. More exploit attempts were targeting remote solutions used in this sector compared to other industries. Threat actors were particularly interested in getting credentials to gain access to banks and other financial institutions. They could sell this information to ransomware operators and other sophisticated threat groups that can find their way into these organisations' core network.

Emotet and TrickBot were Top Malware Detected Across Asia Pacific

Ensign found that Emotet and TrickBot were the top malware observed across the region in 2020, constituting the bulk of Command & Control (C2)[3] threat activities detected, especially in Hong Kong, Malaysia, and Singapore.

Threat actors commonly use Emotet and TrickBot as they are versatile in design, allowing the perpetrators to steal credentials, obtain information to move deeper into the infiltrated network, and inject additional malicious payloads into the compromised digital environment.

Threat actors frequently target technology service providers with these two malware families due to their capabilities to download more malware into the infected systems. Both Emotet and Trickbot were also observed to be used in phishing campaigns worldwide.

Opportunistic Threat Actors Exploited Covid-19 in Phishing Campaigns

News Updates

The report revealed that threat actors sought to exploit individuals' anxiety, fear, and curiosity caused by the pandemic through phishing attacks. Ensign uncovered that 99% of the phishing campaigns detected in Singapore in 2020 were centred on Covid-19 subjects, and that the market's Circuit Breaker period provided an opportune timeframe for threat actors to launch phishing attacks.

Similarly, in South Korea, most phishing emails also took advantage of the pandemic situation. One of the top threat actor groups in Asia Pacific, Lazarus Group, also impersonated the South Korean government to announce fake additional Covid-19 payouts and shopping vouchers in their phishing campaign in June 2020. The attacks were targeted at 700,000 email addresses they have illicitly obtained from previous breaches.

Moreover, Ensign found that Covid-19-themed phishing attacks are more effective. In an exercise Ensign conducted to test a client's cybersecurity measures, 35% of the organisation's employees clicked on the simulated malicious link included in Ensign's mock Covid-19-related phishing email and provided their personal information. This is 10% higher than the average result of past exercises, demonstrating the effectiveness of customised, well-timed phishing campaigns.

Ensign InfoSecurity/Media OutReach via Taiwan News

Special Features

Inequality in the time of Covid-19

By Francisco H. G. Ferreira, London School of Economics

All metrics are not equal when it comes to assessing the pandemic's unequal effect

The severe impact of the COVID-19 pandemic is clearly seen in the numbers: more than 3.1 million deaths and rising, 120 million people pushed into extreme poverty, and a massive global recession. As suffering and poverty have risen, some data show an increase in another extreme: the wealth of billionaires.

With both extreme poverty and billionaire wealth on the rise, the pandemic's effect on inequality may appear obvious. The reality is not as simple as you may think.

Inequality is a notoriously challenging concept on which to make definitive statements. Inequality of what? Of household income or of GDP per capita? Or even of mortality rates themselves, across different groups? Inequality among whom: should it be viewed at the level of individuals? Households? Countries? Even once a distribution is precisely specified—so that we are clear about what is distributed among whom—firm conclusions about the direction of inequality change will generally depend on what part of the distribution you care about most. Different measures of inequality—such as the Gini coefficient, the Theil index, and the income share of the wealthiest in society—are sensitive to different parts of the distribution and can in principle rank inequality before and after the pandemic differently. Clarity about which inequality is being measured matters a great deal for assessing the unequal impact of the pandemic.

Consider first the global distribution of COVID-19 mortality itself. Using the concept of life years lost to the disease—estimated using ages at death and the residual life expectancies at those ages—we find that the mortality burden of the pandemic is positively correlated with national income per capita, despite the superior health and public prevention systems in rich countries (Ferreira and others 2021). The chart plots the number of years of life lost to the pandemic per 100,000 inhabitants against GDP per capita for 145 countries, using log scales on both axes.

Although there is enormous variation at each income level—with Brazil's mortality burden (adjusted by population) 1,000 times greater than Thailand's, for example—there is nonetheless a very clear positive association. Richer countries

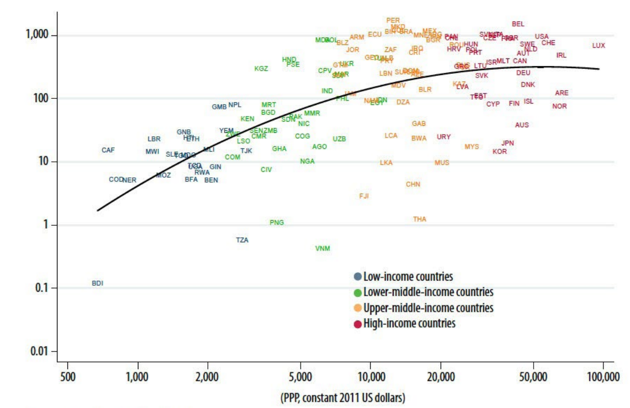
Special Features

suffer greater losses of life years per capita than poorer countries. Measurement error is likely substantial, with a number of poor countries, such as Burundi and Tanzania, clearly underreporting deaths, but the association is so strong that it is unlikely to be spurious. Among other things, it reflects the older age structure of the population in richer countries and an illness whose lethality is highly age-selective. Higher life expectancies, greater urbanization, and the pandemic's spread along major trade routes also likely have played a role.

Wealth and health

Despite their advantages, richer countries have shown a larger loss in life years due to the pandemic than many poorer countries.

(life years per 100,000 people)



Source: Ferreira and others (2021).
Note: Country abbreviations are International Organization for Standardization (ISO) country codes. PPP = purchasing power parity.

Examining income inequality

But what about the distribution of income, instead of mortality? How did global income inequality change during the pandemic? Well, global inequality in incomes can be understood in at least three ways: first is the question of what happened during COVID-19 to the distribution of GDP per capita among countries—labeled "Concept 1" global inequality by Branko Milanovic. In a recent paper, Nobel laureate Angus Deaton shows that, on average, richer countries also experienced larger economic contractions than poorer countries in 2020 (Deaton 2021). And although by itself this result does not necessarily imply a decline in inequality between countries, it turns out that the actual pattern of income declines did indeed lead to a reduction in (unweighted) inequality between countries during 2020, whether it is measured by the Gini coefficient, the Theil index, or the coefficient of variation. This represents a continuation of the trend since the turn of the millennium, when Concept 1 global inequality began to fall, owing in large part to the rise of China and India. But Deaton argues that, if anything, the pandemic accelerated the decline.

This calculation takes countries as the unit of measurement and thus attaches the same weight to Luxembourg as to China. One might ask, alternatively, what happened during COVID-19 to the distribution of GDP per capita among countries when these are weighted by population. That approach is the same as measuring inequality in an imaginary distribution of all individuals in the world, where all people are assigned their country's GDP per capita—Milanovic's "Concept 2" global inequality.

When differences in GDP per capita are weighted by population, inequality between countries increased during 2020—which Deaton argues can be attributed to the pandemic. More specifically, it can be attributed to the sharp economic contraction in India, which suffered a great deal both in terms of mortality and economic performance—even before the massive second wave in 2021. Although China's positive growth (and far fewer deaths) helps offset India's decline, China is now too close to the global average income to completely compensate for India's economic losses. When India is omitted from the calculation, Concept 2 inequality continues to decline, as it had been doing since the 1990s. Through India, the pandemic did contribute to a reversal in the previous pattern of falling weighted inequality between countries.

Of course, people are very far from earning the same income within any given country. Concept 3 global inequality refers to the inequality among all the world's individuals when they are assigned their own incomes. This is arguably the most interesting of Milanovic's three concepts of global inequality, and it is the only one that takes inequality within countries into account. For many "good" inequality measures, this Concept 3 inequality is just the sum of (appropriately weighted) inequality within countries and Concept 2 inequality between countries.

Since Concept 2 inequality appears to have risen in 2020, it would be enough for "average" inequality within countries also to have risen for us to conclude that global inequality among individuals has grown during the pandemic, in conformance with what most people suspect. Unfortunately, it is too early to tell whether or not that is the case: data on individual incomes come from household surveys and administrative sources that are simply not yet available for 2020. For most countries, it will be at least a year, and typically more, before data on income inequality within countries become available.

For the moment, though, it certainly seems plausible that inequality within many countries is on the increase, given evidence of rising poverty and rising billionaire incomes. There are good reasons to expect that the pandemic both created new inequalities and exacerbated preexisting income gaps within countries. There is long-standing evidence from many countries that people entering the labor market during a severe recession earn less than the cohorts just before and after them—and that those differences linger for many years. By inducing a massive global recession, COVID-19 has certainly created new inequalities among cohorts of young people.

Pre Existing conditions

The pandemic has also exacerbated pre existing inequalities in the labor market, largely because the ability to work remotely is highly correlated with education, and hence with pre-pandemic earnings. Despite all the talk of "essential workers" and everyone being "in this together," the stark reality is that job and income losses are likely to have hit lower-skilled and uneducated workers the hardest. Early evidence from both public and private big data sources in the United States seems to confirm this—although there are interesting nuances that we don't have space for here. In developing economies, the same labor market forces are, if anything, turbocharged by informality: when lower-skilled labor is predominantly informal, those workers have no access to furlough programs or unemployment insurance. This year, hundreds of millions of such workers faced very stark trade-offs, on a daily basis, between staying safely at home or facing the threat of infection to provide food for their families.

Given pre existing racial and gender occupational differences, the exacerbation of these inequalities in the labor market is also likely to have translated into even greater racial and gender disparities in many countries. In addition, with the burden of additional time required for childcare and housework falling disproportionately on women, gender inequality in earnings is particularly likely to have grown even wider.

Capital markets are also likely to have played a nontrivial role in generating inequality during the pandemic, particularly at the top. In response to the widespread economic collapse in March and April 2020, the world's key central banks further loosened monetary policy, injecting enormous amounts of liquidity into financial markets. While that additional liquidity has not so far translated into goods price inflation, it has certainly helped keep asset prices high. It is the main reason stock markets boomed while the economies that underpin them were in the doldrums. These monetary policy interventions were well-intentioned, and they are likely to have helped prevent bankruptcies and preserve jobs. Nonetheless, they did inflate the value of assets held primarily by rich people and have a lot to do with the generalized growth of billionaire incomes. Owning shares in Amazon or Zoom wasn't the only way to gain wealth during this period.

Social transfers

Yet, despite these multiple reasons the pandemic can be expected to have raised income inequality within countries, we cannot yet be sure of just how general those increases are. For one thing, evidence is emerging from some (apparently) unlikely places that social protection policy responses—such as income transfers targeted to poor and vulnerable workers—have worked rather well. Early work out of Brazil's well-respected IPEA think tank suggests that generous "emergency support" transfers helped reduce both poverty and inequality in Brazil between May and September 2020, despite the country's disastrous response to the health emergency. Similar claims have been made about five European countries: France, Germany, Italy, Spain, and Sweden (Clark, D'Ambrosio, and Lepinteur 2020).

The upshot is that we will not know the effects of the pandemic on income inequality within countries for sure until reliable administrative and household survey data become available. In the meantime, the tentative good news that income transfers can provide an effective response, at least in the short term, should spur other countries into action. But more action is needed: perhaps the most insidious new inequality spawned by the pandemic is between children who have been able to continue their schooling over the past year—whether in person or online—and those who have not, because of poor connectivity or weaker, poorer schools. Students in the latter category are often at great risk of falling substantially behind in their learning, or even of dropping out altogether. The learning and schooling inequalities arising from these differences are as stark as they are widespread, and as these children join the labor force the consequences are likely to be with us for decades to come.

The overall picture that emerges from these considerations is, for the moment, one of falling income gaps between countries (when not weighted by population) and—speculatively and preliminarily—rising gaps within countries, on average. Given the educational and labor market dynamics I have outlined, the latter gaps may well persist for more than a generation. What is more, it now appears plausible that even unweighted inequality between countries may well rise in 2021, if the unequal spread of vaccination allows countries such as the United States, the United Kingdom, and parts of developed Asia to recover much more rapidly than India, Latin America, and much of Africa.

International Monetary Fund

Special Features

Addressing consumer risks in fintech to maximize its benefits

Financial technology—or fintech—has become a key enabler of more efficient and competitive financial markets, helping expand access to finance for underserved consumers. Especially in times of social distancing to reduce the spread of COVID-19 and ramping up of digital cash transfer programs in many countries, the benefits of fintech and digital financial services have never been so evident. But fintech doesn't come without risks to consumers.

Increased instances of digital fraud, peer-to-peer lending platform collapses, and borrower distress as a result of irresponsible digital microcredit lending practices illustrate such risks. While some of these risks are new, many are new manifestations of risks that already existed in financial markets. They include not only those arising from the underlying technology enabling fintech, but also from new business models, product features, and provider types.

Identifying new manifestations and addressing them

Authorities responsible for financial consumer protection (FCP) are increasingly facing the challenge of addressing these risks but often lack the technical expertise or tools to do so. A new World Bank policy research paper, Consumer Risks in Fintech: New Manifestations of Consumer Risks and Emerging Regulatory Approaches, seeks to directly address this need, by identifying new manifestations of consumer risks posed by fintech and providing a range of emerging policy approaches that can be used to address them.

The paper focuses on four major fintech offerings: digital microcredit, peer-to-peer lending, investment-based crowdfunding, and e-money. These were selected as fintech examples that can address key basic needs of first-time, inexperienced financial consumers, such as making payments, borrowing, or saving and investing money.

These are some highlights of identified risks and approaches:

Fintech operator fraud or misconduct: Because fintech business models can be innovative, opaque, or complex—and many consumers are not familiar with them—they can lead to heightened risks of loss from fraud or misconduct by operators or related parties. Establishing competence requirements for these market players, as well as mandatory licensing/registration and vetting, can help address the issue.

Platform/technology unreliability or vulnerability: If a fintech platform or other systems underpinning a fintech offering are unreliable or vulnerable to external threats, they can expose consumers to higher risks of loss and other harm, including from third-party fraud. Approaches to address these challenges include technology and outsourcing-specific risk management, operational reliability, and competence requirements for operators.

Consumer disclosure and transparency in a digital context: The standard risks arising from consumers not being provided with adequate product information are heightened when new types of pricing, product features, and risks are introduced, and when digital channels for communication pose challenges to consumer comprehension. Adapting disclosure formats for digital channels and ensuring that the order and flow of information and user interfaces are increasingly recognized as necessary to address these issues.

Increased risk of product unsuitability: Fintech can increase access to riskier or complex financial products to consumers who lack the knowledge or experience to assess or use them properly, leading to greater risks of harm due to product unsuitability. Possible solutions include limits on individual investments or other exposures for less knowledgeable consumers and product suitability and product design obligations for fintech operators.

Conflicted fintech business models leading to conduct that is not in consumers' interests: Fintech business models may give rise to conflicts of interest under circumstances not foreseen by regulators or expected by consumers. Emerging approaches to address this include conflict mitigation obligations and a range of restrictions targeting specific conflict types.

Algorithmic decision-making leading to potentially unfair outcomes: The use of algorithms for consumer-related decisions is becoming particularly prevalent in highly automated fintech business models, and some scoring decisions may lead

Special Features

to unfair, discriminatory, or biased outcomes. Applying anti-discrimination rules to algorithmic scoring and requiring appropriate procedures, controls, and safeguards during development, testing, and deployment of algorithms are emerging approaches being proposed to address risks.

Taking a balanced, step-by-step approach is critical

Regulators contemplating any of these measures will need to tailor approaches to their country's context, considering not only risk-mitigation concerns but also possible implications for financial sector development and innovation.

A step-by-step approach will be crucial. This should include assessing the market, consumer experiences, and current regulatory framework; and determining the right regulatory approach based on that assessment (including considering alternatives to regulation when appropriate). Ensuring effective, adequately resourced supervision of measures implemented; and implementing complementary measures—such as efforts to increase consumer awareness and industry capacity and understanding—are also crucial steps.

World Bank Blogs

Among Member Banks

State Bank of India invests in fintech startup Cashfree

State Bank of India NSE -0.83 % (SBI) has invested an undisclosed amount in Bengaluru-based Cashfree, the digital payments firm said in a statement.

With this, the country's largest public sector lender joins a slew of investors—including Apis Partners, Smilegate and Y Combinator—at the fintech startup's cap table. Cashfree had in November 2020 raised $35 million in a Series B funding round led by Apis Growth Fund II and existing investor Y Combinator, at a valuation of around $200 million.

The company's payments processing platform is used by businesses like Zomato, CRED, Nykaa, Delhivery, Acko and Shell for e-commerce to vendor payments and marketplace settlements.

Founded by Sinha and Reeju Datta in 2015, Cashfree processes online payments for Indian businesses. The company is a 2017 alumnus of Y Combinator, the startup incubator based in San Francisco. It competes with the likes of Razorpay, Billdesk, CCAvenue and PayU— and specialises in payment settlement processing transactions through channels and instruments including credit card, debit card, net banking, UPI and popular wallets.

Cashfree said it clocked gross revenue of Rs 228 crore in fiscal 2020-21. It also claims to process annual transactions worth $20 billion. Apart from India, Cashfree's products are used in eight other countries including the United States, Canada, and the United Arab Emirates.

Economic Times

MUFG contributes $1 million towards COVID-19 relief in India

The group will be able to cut maintenance and management costs of related facilities through the consolidation, he also said.

MUFG Bank, Ltd. (MUFG) announced in a release that it had committed $1 million or Rs 7.5 crore towards COVID-19 relief and recovery efforts in India.

"COVID-19 has left a profound impact on countless lives around the world," said Atsushi Deguchi, Regional Executive for India & Sri Lanka said.

"Over these past two years, MUFG as an organisation has tried its best to not only ensure that employees across its global network remain safe and sound, but that we are able to provide a measure of relief and comfort to communities affected by the pandemic."

The funding will be delivered in a phased manner, covering treatment management at healthcare facilities and support a vaccine deployment program for needy communities that will also raise greater awareness of vaccination and COVID-19 prevention practices.

This financial commitment is one of several ways in which MUFG in India is responding to the urgent needs of the community and employee welfare during this pandemic crisis.

Economic Times

Among Member Banks

Mizuho Bank president to step down due to system failures

Mizuho Bank President Koji Fujiwara will leave his position as early as the end of this month to take responsibility for the company's recent widespread system glitches, Nikkei learned on June 10.

Fujiwara, 59, will also not assume the chairmanship for which he was appointed earlier this year. Group CEO Tatsufumi Sakai, 61, will keep his job but may face a salary cut, the details of which Mizuho Financial Group is still working out.

Dozens of staff, including executives, will also be held responsible for the system failures. The banking group already named Masahiko Kato, 56, in February as the new president of the banking unit.

Mizuho Bank suffered four system failures in two weeks starting at the end of February, including the temporary suspension of more than 70% of the company's ATMs in the country.

The financial group announced in February that Fujiwara would retire as president in April and become the bank's chairman. But in mid-March, after the series of glitches, Mizuho rescinded the appointment, and Fujiwara was kept as president, tasked with preventing a recurrence.

A third-party committee is investigating the circumstances and causes of the failure. It will make final recommendations based on the contents of the report. Mizuho began finalizing the personnel plan on June 10.

Nikkei Asia

Sumitomo Mitsui Banking Corporation appoints Ghislaine Nadaud as first Asia Pacific head of ESG

Sumitomo Mitsui Banking Corporation (SMBC), one of Japan's largest banks, has appointed Ghislaine Nadaud as director of environmental, social and governance (ESG) solutions for Asia Pacific.

Nadaud takes on the newly created position after a brief stint with the United Nations as a sustainable financing consultant. She will be based in Singapore, a regional hub for the bank's sustainable finance initiatives, and joins to lead and drive SMBC's ESG ambitions.

Prior to consulting to the UN, Nadaud led ABN AMRO's Asia Pacific sustainability function, but moved on after the Dutch multinational scaled back operations in the region in August in response to tough economic conditions brought on by the Covid-19 pandemic.

Nadaud had been with the company for 14 years, starting out as legal counsel in Amsterdam, before pivoting to ESG risk, advisory and monitoring.

Nadaud joins SMBC a few months after news emerged that Sumitomo Mitsui Financial Group (SMFG), SMBC's holding company, would stop financing for any coal-fired power plants following sustained pressure on Japanese lenders to reduce coal funding.

SMBC was among the founding members of Singapore's first institute for green finance research and talent development, launched last October.

Eco Business

Among Member Banks

KDB's W100b investment in Toss Bank meant to stop unicorn exodus: Chief

Korea Development Bank's plan to invest 100 billion won ($89.4 million) in South Korea's latest internet-only bank backed by Viva Republica, the operator of fintech app Toss, is meant to keep local unicorns in the local market, the head of the state-run bank said.

The announcement follows the nation's financial regulator's decision last week to grant final approval to a consortium led by Viva Republica to launch and operate the nation's third internet-only bank.

According to Viva Republica, Toss Bank will focus on lending to people with medium and low credit scores. It will compete against K bank and Kakao Bank, the two existing internet-only banks in the nation, after launching operations in September.

"We need to swiftly make future-oriented investments," KDB Chairman Lee Dong-gull said during an online press conference held on June 14. "Critics complain about unicorns and startups going public on overseas stock markets and our country failing to enjoy the benefits –- it's our business, which is why we need to scale-up," he added.

Lee's remarks pointed to recent concerns here of major Korean unicorns' decision to go public or preparations to debut in the United States. E-commerce giant Coupang became listed on the New York Stock Exchange in March, while up-and-coming fresh food delivery platform Market Kurly is gearing up for its US debut later this year as well. The premium grocery delivery business has already designated Goldman Sachs, Morgan Stanley and JP Morgan as lead underwriters.

While the businesses' decisions to debut overseas have been applauded by many, concerns have been growing over the lack of attractiveness of the local stock market and its weakening presence. Some have even been calling the trend an "unicorn exodus."

If the investment materializes, it would mark the first of such moves by a state-run bank towards an internet-only bank in the country.

KDB has been focusing on fostering local startup and launched a special "scale-up venture capital" team early last year.

The Korea Herald

KEB Hana Bank obtains greenlight to open branch in Taiwan

Seoul-headquartered KEB Hana Bank has secured approval from Taiwan's financial authorities to open a branch in Taiwan, making it the first bank from South Korea to set up a foothold in the country, the Financial Supervisory Commission (FSC) said on June 17.

The FSC, the top financial regulator in Taiwan, said that since a foreign bank has to open a branch in Taiwan within eight months after getting the greenlight, KEB Hana Bank is expected to open an outlet before the next Lunar New Year holiday begins on Feb. 9, 2022.

As Taipei has been among the top 10 trading partners of Seoul and both sides have forged close business ties, the FSC said, KEB Hana Bank's move to set up a presence in Taiwan is aimed at extending its overseas reach by setting up cross border financial links in the two countries.

In 2019, the FSC said, KEB Hana Bank started to explore the possibility of opening an outlet in Taiwan and launched a survey on the financial market and regulations in the country, while establishing contacts with and seeking approval from the commission to come to Taiwan.

If KEB Hana Bank opens a branch in Taiwan as planned, the bank will become the 30th foreign bank to have a foothold in the local financial market, according to the FSC.

Tung Cheng-chang, chief secretary of the FSC's Banking Bureau, told reporters that KEB Hana Bank's presence in Taiwan is expected to help the local financial market boost its international visibility.

Moreover, Tung said, through the Korean bank, Taiwan and South Korea are expected to cement their bilateral trading and investment relationship.

CNA

Among Member Banks

Maybank continues to offer repayment assistance to customers affected by MCO

Malayan Banking Bhd (Maybank) has extended its repayment assistance packages to its customers who are affected by the Movement Control Order (MCO) and impact of the Covid-19 pandemic.

In a statement on June 9, Maybank said the repayment assistance packages included loan deferment (moratorium) for a period of three months, or a 50% reduction, in the monthly instalment payment for a period of six months.

"This is available to all individual B40 customers who are registered under the Bantuan Sara Hidup (BSH)/ Bantuan Prihatin Rakyat (BPR) programme (whether they have lost their jobs) and customers from any income segment who have lost their jobs as a result of the pandemic or MCO," it said.

It said micro-enterprises with loan facilities of not more than RM150,000, as well as small and medium enterprises (SMEs) which are not permitted to operate during the MCO with total lockdown are also eligible.

Meanwhile, Maybank said it is also offering a commensurate reduction in monthly instalment repayment for any individual customer, regardless of income classification (B40, M40 or T20), or other micro-enterprises, SMEs or whoever that had experienced a reduction in income (including household income for individuals).

"Other borrowers who do not fall under the above categories but who may be experiencing financial challenges during this MCO may also discuss with the bank for alternative repayment assistance packages to help them overcome their difficulties during this period," it said.

The Edge Markets

PNB Digital app offers better mobile banking experience

In line with its strengthened digital banking thrust, the Philippine National Bank (PNB) has recently launched a new and improved mobile banking platform—the PNB Digital app.

Providing a secure and easy way of banking anytime, anywhere, the enhanced mobile banking app offers clients a better experience through a fresh look, intuitive design and quick access to frequent banking transactions with a customizable dashboard to boot.

PNB president and chief executive officer Wick Veloso said the new PNB Digital app answers the need for better digital solutions in light of the increasing customer preference for online banking amid today's health and safety concerns and quarantine restrictions.

Clients don't have to leave the safety of their home because they can now conveniently register their accounts in the app using their PNB account number, debit card or credit card number. Upon successful registration, they can log in securely and conveniently via Face or Touch ID. They can use the app to view their balance and transaction history; transfer funds to another PNB account via QR code; send money to local banks through InstaPay; pay their bills for utilities, credit card and other partner merchants; as well as locate PNB branches nationwide and overseas.

PNB customers can now try and experience PNB's new Digital app by downloading the app for free via the App Store or Google Play.

Staying true to its brand promise of being the bank that people can lean on, PNB has been on constant lookout for innovative ways to bring relevant banking solutions to its customers, whenever and wherever they need them.

Sunstar

Among Member Banks

RCBC ATM Go service expands to financially-excluded regions

Rizal Commercial Banking Corporation's (RCBC) deployment of its ATM Go service to Kalinga and Biliran this month is expected to improve financial inclusion in their respective regions.

Eastern Visayas region, which is home to Biliran, ranks second to last in number of banks and automated teller machines (ATM) per 100 square kilometers and per 10,000 adults, based on the latest report on the state of financial inclusion in the Philippines by the Bangko Sentral ng Pilipinas (BSP).

Meanwhile, the Cordillera Administrative Region (CAR), where Kalinga province belongs, is second to last in total number of banks and ATMs in absolute terms, according to the same 2019 study.

Both regions only fare better than the Bangsamoro Autonomous Region in Muslim Mindanao.

ATM Go, which brings financial services to remote unbanked and underserved communities, is now closer in its mission to bring this helpful service to all provinces of the country.

Dubbed as the country's first neighborhood ATM, this RCBC service enables any BancNet ATM cardholder to withdraw cash through various merchant partners, such as rural banks, sari-sari stores, drugstores, cooperatives, and microfinance institutions nationwide.

Customers can also deposit cash, do balance inquiries, pay bills, transfer funds, and purchase electronic loads for prepaid mobile phones through this ATM Go.

"We remain committed to making banking possible to every Filipino, especially those who are unbanked and underserved," said Eugene Acevedo, President and Chief Executive Officer of RCBC.

Since the start of community quarantines in March 2020, ATM Go has serviced over 4.11 million households or over 20.56 individuals and helped disburse up to P14.8 billion in government subsidy, including conditional cash payouts to beneficiaries of the Pantawid Pamilyang Pilipino Program (4Ps) of the Department of Social Welfare and Development.

The Department of Interior and Local Government (DILG) recognizes ATM Go's significant contribution in enabling safe, fast, and convenient government disbursements. Through the Liga ng mga Barangay, DILG Undersecretary for Barangay Affairs Martin Diño has endorsed the replication of ATM Go utilization for payouts of cash grants in all barangays in the country.

RCBC was the first bank to have been authorized by the Monetary Board of the Bangko Sentra ng Pilipinas to help in digitally disbursing the government's social amelioration program during the start of the pandemic, through the RCBC-led initiative Ayuda Arangkada.

"The pandemic has strengthened our government collaboration, and this proves beneficial to our current and future customers, especially at a time when non-traditional banking is key to survival," said Lito Villanueva, Executive Vice President and Chief Innovation and Inclusion Officer of RCBC.

Manila Standard

Among Member Banks

DBS launches first security token offering on its cryptocurrency exchange

Singapore-based bank DBS has issued a S$15 million (US$11.3 million) digital bond in its first security token offering (STO).

According to a press release shared with CoinDesk on May 31, the DBS Digital Bond, issued via its Digital Exchange (DDEx), has a sixth-month expiry and a coupon of 0.6% per annum.

The bank was the sole bookrunner for the transaction, which was completed by way of private placement. Differing from traditional wholesale bonds, the digital bond will be traded in lots of S$10,000 (US$7,600).

DBS said the move paves the way for other issuers and clients to use DDEx's infrastructure to "efficiently access capital markets" for their funding needs, and establishes a precedent for further STO issuances and listings.

DBS also said the digital bond complies with the current bond legal framework, providing investors the same legal certainties and protections over their rights as traditional bonds.

"Our maiden STO listing on the DBS Digital Exchange is a significant milestone, as it highlights the strength of our digital asset ecosystem in facilitating new ways of unlocking value for issuers and investors," said Eng-Kwok Seat Moey, group head of Capital Markets at DBS.

The listing demonstrates the bank's ability to provide integrated solutions across the digital-asset value chain, Seat Moey said. The bank expects tokenization to become more mainstream as its clients start to embrace STO issuance as part of their capital fund-raising exercise, she added.

The securities are available for secondary trading among institutional and accredited investors who are members or end clients of the bank's digital exchange.

Coin Desk

Rs. 1 Bn worth of Micro Leases disbursed by HNB to 400+ Agri MSMEs

Hatton National Bank (HNB) disbursed over Rs. 1 billion to entrepreneurs in the agricultural sector through its recently launched Micro Leasing facility, offering Micro, Medium and Small Enterprises (MSMEs) a myriad of benefits and opportunities.

Working in line with Central Bank of Sri Lanka (CBSL) directives to support and strengthen Sri Lanka's agriculture sector, HNB's micro leases will be utilized to enhance the capabilities of over 400 agricultural entrepreneurs across the island.

A collaborative effort by the bank's Leasing and Micro Finance arms, the facility offers customers a full suite of services, including access to great deals and benefits from HNB's extensive merchant partner network.

The Leasing and Micro Finance arms of the bank collaborated in ensuring HNB's microfinance officers were fully aware of the facilities and partnerships of the bank in the agricultural sector.

Commencing with email campaigns, the departments organised awareness programmes with the participation of leading merchant partners. While the programmes were interrupted by the current pandemic situation, the bank aims to resume the campaign as soon as possible.

Through its microfinance officers stationed across the country's grassroots, HNB has facilitated growth in the sector through its Gami Pubuduwa initiative. The bank will lend the same support for its leasing customers by organising curated sessions to enhance value chain development and capacity building skills in collaboration with skills development organisations. Additionally, customers can use the bank's flexible payment schemes, customised to their repayment capabilities.

Notably, the bank will onboard all customers using the facility on its digital platforms such as HNB SOLO, MOMO and Appigo, improving the availability of convenient payment solutions in the sector.

Furthermore, HNB offers a seamless one-day approval process supported by its state-of-the-art backend systems. Customers availing themselves of the facility are entitled to a free life insurance cover of Rs.4.5 million. The insurance is also anchored to discounted premiums from HNB General Insurance.

Leasing customers also received the Prestige Prime credit card free of charge. The first year fee waived off, offering customers access to exclusive discounts on various agricultural products and services.

HNB Media Center

Among Member Banks

CTBC Financial-owned Taiwan Life Insurance's asset risk has eased

Taiwan Life Insurance, a Taipei-based insurer owned by Taiwanese financial firm CTBC Financial Holdings, has seen its asset risk fall due to growth in shareholders' equity and reduction in investment in below-investment grade bonds, according to Fitch Ratings.

The insurer's financial performance is considered as 'Good'. Its pre-tax return on assets averaged 0.7% from 2018 to 2020, supported by mortality and morbidity gains.

Fitch Ratings has revised the outlook on Taiwan Life Insurance's Insurer Financial Strength (IFS) Rating and National IFS Rating to 'Stable' from 'Negative'. The IFS Rating is affirmed at 'BBB+' (Good) and the National IFS Rating at 'AA-(twn)'.

The outlook revision reflects Fitch's expectation that Taiwan Life will sustain its favourable operating results and sound capital buffer in light of its asset-management strategy and product mix.

Fitch expects Taiwan Life to maintain 'Good' capital buffers to support its business expansion. Its risk-based capital ratio was 310% at end-2020 and its capital score, as measured by Fitch's Prism Model, remained well into the 'Adequate' category at end-2020 and end-2019, underpinned by growth of value of business in-force and various loss-absorbing reserves. The company's financial leverage ratio was 10% at end-2020, below the ratio guidelines for IFS 'BBB' rated insurers. Fitch expects Taiwan Life's parent CTBC Financial Holding to provide capital support when necessary.

Fitch has ranked Taiwan Life's business profile as 'Favourable' compared with those of all other life insurance companies in the market due to its 'Favourable' operating scale, well-diversified distribution channels and product lines, and substantive business franchise. The ranking results in Fitch scoring Taiwan Life's business profile at 'a-' under its credit factor scoring guidelines.

Asia Insurance Review

E.Sun Financial posts net fee income of NT$5.27bn

E.Sun Financial Holding Co has reported a net fee income of NT$5.27 billion (US$189.1 million) for the first quarter of this year, the highest quarterly figure in its history, thanks to contributions from E.Sun Securities Co as more investors participated on the local stock market.

E.Sun Securities' net fee income increased 52.5% year-on-year to NT$840 million in the first quarter, accounting for 16.3% of the holding company's net fee income, E.Sun Financial said in a statement.

As of the end of last year, the securities unit's fee income contributed 12.4% to its parent company's total fee income.

The growth in fee income boosted E.Sun Securities' net profit by 274% from a year earlier to NT$416 million in the first quarter.

E.Sun Financial's banking unit, E.Sun Commercial Bank, reported that net fee income at its credit card business dropped 8% last quarter, but rose 3.8% at its wealth management operations. The two divisions contributed to two-thirds of E.Sun Financial's total net fee income, company data showed.

E.Sun Commercial's net profit fell 12% year-on-year to NT$4.41 billion last quarter, with its net interest margin sliding to 1.2%, down 14 basis points from a year earlier, while its non-performing loan ratio remained flat at 0.19%. The non-performing loan ratio for mortgages was 0.07%, down from 0.08% at the end of last year.

The bank's loan balance rose 9% annually to NT$1.46 trillion, with mortgages expanding 19.7%, personal loans growing 12% and loans to small-and-medium enterprises rising 15%. However, loans denominated in foreign currencies declined 6.7%.

Taipei Times

Among Member Banks

Erste Group is first financial institution to commit to European Commission's Green Consumption Pledge

As the first financial institution in Europe, Erste Group has joined the European Commission's Green Consumption Pledge initiative to accelerate its contribution to a sustainable economic recovery. The Green Consumption Pledge is the first initiative delivered under the New Consumer Agenda and part of the European Climate Pact. In addition to the first five companies who joined the initiative at the start of this year, Erste Group is among six companies participating in the second round of the initiative's pilot Phase.

"I welcome the commitments made by those six companies for concrete actions towards greater sustainable production and consumption, beyond what is required by EU law. This determination to step up climate action shows the kind of effort European consumers want to see. By now eleven companies are already participating in the Green Pledge and I am looking forward to even more in the future," explains Didier Reynders, European Commissioner for Justice.

Erste Group commits to ensuring the availability of sustainable investment products and to providing better information to its clients for them to be able to make informed and sustainable choices. Joining the pledge emphasizes the banking group's ambitions to continue its efforts towards a more sustainable society and economy and marks another important step on its sustainability path. Erste's commitments will be implemented through Erste Asset Management (EAM) – the banking group's fund and portfolio management subsidiary. Reporting on the progress of Erste Group's commitments will be carried out at least on an annual basis on the group's website and in its sustainability report.

"We need climate action now. So, joining this pledge is another clear commitment Erste has undertaken to strengthen its ambitions regarding ESG as one of our future strategic pillars. We are eager to join the Commission's efforts in building a new framework across sectoral boundaries and beyond existing regulatory requirements. We want to be an active part in this green transition, and we believe we can do so with the financing products and services we offer consumers," emphasizes Bernd Spalt, CEO of Erste Group.

With 20 years of experience in sustainable investments, Erste Group commits to offering all its customers across seven markets in CEE the opportunity to invest in ESG products supported by transparent and accessible information. EAM therefore plans to increase the number of Erste-labelled funds awarded with the Austrian Ecolabel by over 50% (from 11 to 17) by the end of 2023. Currently, a volume worth EUR 3.4 bn is managed in this area, representing almost 5% of EAM's total assets under management. At the same time, customers will be informed more frequently about the latest ESG topics and activities, for example by publishing 100 articles on this topic on EAM's finance blog until the end of 2023. By the end of this 2021, EAM further pledges to provide SDG-reporting for all Erste labelled mutual funds, as well as impact reporting for all Erste-labelled impact funds managed by EAM, and make the report available on its webpage. Given its commitment to act sustainably in its role as an investor, Erste Group's fund and portfolio management subsidiary will also exercise voting rights according to its Sustainable Voting Policy and publish its voting decisions on its website on a regular basis.

Hong Kong

Blockchain offers Hong Kong a chance for financial innovation, experts say

Blockchain will play a key role in developing Hong Kong's digital economy, helping solidify its position in the Greater Bay Area as a financial hub, experts said at the South China Morning Post's annual China Conference on June 17.

As a global financial hub, the city could use blockchain to lower barriers to entry and give it a foothold in the emerging decentralised finance sector, commonly referred to as DeFi, experts said during a panel discussion.

DeFi is a blockchain-based form of finance largely owned and maintained by users, opening up financial services to anyone with an internet connection. That makes it a more global and open alternative to the current centralised financial system.

Lucy Gazmararian, founder and managing partner of Token Bay Capital, an early-stage venture fund for digital assets and blockchain, said that DeFi allows "anybody to provide financial services to each other on a peer-to-peer basis".

Financial inclusiveness is important for a finance hub like Hong Kong, where the industry accounted for 21.3 per cent of the city's gross domestic product in 2019, according to the Hong Kong Trade Development Council. However, Hong Kong's finance industry is currently "lagging behind the pace of innovation", Gazmararian said, and making it "fit for a digital economy" will require a radical shift.

Some experts see blockchain playing a big role in this shift, as Hong Kong further integrates with the rest of the Greater Bay Area, which includes Guangdong province and Macau, as part of Beijing's ambitious plans for the region.

As an example, Lawrence Ma, president of Hong Kong Blockchain Society and founder of technology start-up Emali, said blockchain could help banks with document verification for opening up new accounts while cross-border travel remains restricted because of the Covid-19 pandemic.

"[Company representatives] in the Greater Bay Area can open up accounts when they don't have to physically come to Hong Kong," he said. "[Blockchain can] ensure that all the [documents] aren't fabricated."

Selim Baek, a business development associate at cryptocurrency exchange OKEx, said that blockchain can even help reduce carbon emissions. She mentioned Global Carbon Holding as an example of a platform allowing participants to tokenise carbon credits. "So having less carbon emissions [means] you can have that as a credit," Baek said.

She added that she hopes more industries will implement similar applications on blockchain in the future, "making it very normal for my generation and the future generations to use that kind of technology".

South China Morning Post

Banking and Finance Newsbriefs

India

India offers huge potential for digital banks: report

India offers a huge potential for Digital Challenger Banks (DCBs) but currency depreciation and local regulations are concerns for foreign investors, according to a report.

Leading consultancy BCG said in the report on June 9 that the revenue opportunity in India, which has a population of 130 crore people, was pegged at being up to ten times higher than that of rest of Southeast Asia.

"Indian regulators place significant emphasis on financial inclusion and priority sectors, which can limit the potential model and opportunity," the report said, flagging the policies as among the "strategic hurdles" faced by foreign entities.

However, the report said that not all licenses carry the constraint and operating as a Non-Bank Finance Company (NBFC) gives one a significant flexibility.

Once a NBFC gets formed, partnering with a traditional bank is the "best of both worlds", it added.

In the case of currency depreciation, which supports the large number of Indian exporters, the report said considerations are true for multiple other developing economies as well, and an investor needs to look at India's attractive demographics and high growth potential.

The report also highlighted that some entities perceive India as a "diverse and geographically dispersed market" which lead to concerns over significant capital and operational investments to build a meaningful scale.

"This is more a perception than reality on a relative basis. One way to address this is to pick niches and build scale within them," it said and pointed out that micro, small and medium enterprises' business, which are concentrated in 30 clusters, have a credit outstanding of USD 300 billion.

Costs and the inability of Indian markets to absorb developed markets' cost structures are among the other hurdles, the report said, asking all to overcome them by building the majority of the technology stack locally while leveraging global experience for the design principles, customer experience, and security layers.

The Indian DCB landscape includes captive units being set up by banks, new attackers like Niyo focusing on customer experience for financial services products and existing digital ecosystem players with a large customer base like Paytm.

As per the report, when it comes to profitability, a bottomline in the black is very elusive for such companies globally, and picked out Paytm as the only profitable player in India.

Mint

Banking and Finance Newsbriefs

Iran

Iran banks finance over 27,000 SMEs in a year

The Iranian banking system has provided 856.48 trillion rials (about $20.3 billion) of financial facilities to 27,084 small and medium-sized enterprises (SMEs) over the previous Iranian calendar year (ended on March 20), the Central Bank of Iran (CBI) announced.

According to the Islamic Republic News Agency (IRNA), the bank will continue the program to finance SMEs in the current Iranian calendar year as well.

The program aims to pave the way for developing domestic production in order to fulfill the slogan of the year which is “production: support and elimination of obstacles” considering the country’s special economic conditions and the U.S. sanctions.

Back in April, the Ministry of Industry, Mining and Trade had announced that 167 trillion rials (nearly $3.97 billion) was paid to SMEs and semi-finished industrial projects with an over 60% physical progress during the previous Iranian calendar year. The mentioned payments were made in the form of bank loans paid to 5,044 projects and production units, according to the ministry data.

CBI has defined supporting production as one of its major plans over the past few years. Former CBI Governor Abdolnaser Hemmati has repeatedly stressed that supporting production units to flourish production is the priority of the country’s banking system.

In early May 2019, Hemmati had outlined CBI plans for neutralizing or relieving the impact of U.S. sanctions on the country’s economy and mentioned providing liquidity and working capital to maintain and boost domestic production as one of those plans.

CBI’s plans take two major approaches, one of which is to secure finance for production activities and also to provide the working capital needed for such activities.

Tehran Times

Korea

South Korean Banks to Follow New Crypto Restrictions

South Korea is bringing in new regulations for banks serving crypto customers. On June 13, the Financial Services Commission (FSC) announced that banks must classify crypto clients as “high-risk” and make them subject to stringent monitoring and KYC rules. The newly proposed FSC guidelines also require banks to report high-volume transactions from suspicious entities to the authorities.

The country’s banks will be required to report suspicious transactions to the authorities and authorize Know Your Customer (KYC) compliance before partnering with crypto exchanges.

A Korea Times report added that banks are looking for ways to mitigate the regulatory risks from servicing crypto exchanges. The Korea Federation of Banks has called a meeting to discuss new rules for exchanges to protect against crypto-related liability.

Crypto exchanges in South Korea are also required to seek a register with the Korea Financial Intelligence Unit (KoFIU), an anti-money laundering state agency, before Sep. 24, 2021. After that, the intelligence unit will review the exchange activities for three months.

According to the report, only four out of 60 exchanges operating in the country currently implement real-name identification. Others operate on a pseudo-name basis for clients.

The report also raised concerns that regulators may restrict the cryptocurrency listings to weed out lower cap coins during the registration process. It defined these coins as those “encompassing almost all cryptocurrencies except for a few top-traded ones.”

South Korea has been favorable to cryptocurrencies over the years. However, the recent euphoria in crypto marked the return of the so-called “kimchi premium,” which was a price increase of about 26% for cryptocurrencies. The premium attracted regulatory attention, leading the country to crack down on illegal trading activity across foreign exchanges. International organizations like FATF have also strongly recommended implementing KYC rules and transaction monitoring in recent years.

Crypto Brief

Banking and Finance Newsbriefs

Malaysia

Malaysia could spend nearly $2 bln on fuel subsidies this year - finance ministry

Malaysia is expected to spend 8 billion ringgit ($1.95 billion) on fuel and cooking oil subsidies this year, more than double the 3.78 billion ringgit originally allocated, the finance ministry said on June 12.

The announcement comes as Malaysia looks to boost public assistance measures amid fresh coronavirus lockdowns imposed this month.

The costs of retail fuel and cooking oil subsidies were set to increase sharply due to a global rise in commodity prices, Finance Minister Tengku Zafrul Abdul Aziz said in a statement.

“The government is prepared to bear the higher subsidy expenditure to preserve the people’s welfare and business viability, especially for small traders,” Tengku Zafrul said.

The government spent 6.32 billion ringgit and 2.16 billion ringgit in subsidies in 2019 and 2020 respectively, he said.

In May, Prime Minister Muhyiddin Yassin announced an additional $9.7 billion stimulus package, ahead of the latest round of lockdowns.

Reuters

Nepal

Authorities told to distribute social security allowance through banking system

The Ministry of Federal Affairs and General Administration has issued a circular to all local levels, directing them to distribute social security allowance to beneficiaries only through banking channels.

The MoFAGA said there were reports of theft, robbery and loss of social security amount due to distribution in cash in some local levels. In addition, various audit reports have also pointed out irregularities committed by employees of local governments as social security allowance was not distributed through banking channels.

"All local levels are requested to distribute the allowance to eligible beneficiaries only through the banking system to curb misuse of funds and theft and robbery experienced by beneficiaries," read the circular issued by the MoFAGA. Similarly, the local units are required to distribute social security allowance on the basis of identity cards.

The concerned local level provides identity cards in the prescribed format to persons entitled to social security allowance. The identity of the guardian or caretaker of the person entitled to enjoy social security allowance is also mentioned in the identity card.

The prevailing law requires the local units to review, and update the records of identity cards. Senior citizens (Dalit), senior citizens (single women), senior citizens (above 70 years) and senior citizens of specified areas benefit with security allowance of Rs 2,000, Rs 2,000, Rs 3,000 and Rs 2,000 per month respectively. Similarly, differently-abled persons bearing red card and blue card get Rs 3,000 and Rs 2,000 accordingly.

Likewise, persons belonging to endangered ethnicity enjoy allowance of Rs 3,000. Children from Karnali region, who are below five years and Dalits, get Rs 400.

The allowances are distributed through the concerned local level on a four-monthly basis. However, the government has increased the allowance by 33%, with effect from the next fiscal.

The government has already issued the 'Strategy on Payment of Social Security Allowances through Electronic System' to facilitate distribution of social security allowances in a more effective, systematic, transparent and beneficiary-friendly manner.

According to MoFAGA, the need to broaden and automate the payment system prompted it to issue and implement the strategy as part of a paradigm shift to banking channel from the cash-based system.

The Himalayan Times

Banking and Finance Newsbriefs

Philippines

Philippines steps up fintech push with two new digital banks

The Philippine central bank has awarded two more digital banking licenses, as Southeast Asia steps up its foray into fintech.

Sequoia India-backed Tonik Digital Bank and Singapore-based UNObank have secured licenses, Philippine central bank Gov. Benjamin Diokno announced on June 8. They join the state-backed Overseas Filipino Bank, which got a license in March.

The Philippines' latest move comes as the COVID-19 pandemic accelerates the region's embrace of digital financial services. Malaysia plans to hand out digital banking licenses next year, while Singapore has already awarded four. Elsewhere in Asia, Hong Kong has granted eight virtual banking licenses.

The three digital banks in the Philippines are set to compete with the country's traditional, well-entrenched lenders, which are plotting their own digital push. The prize is a market of around 110 million people, where two-thirds of the population has no bank account. The country, moreover, has recorded a surge in the volume and value of digital transactions amid the coronavirus pandemic.

Tonik has raised $44 million in funding and launched its services in March under its previously acquired rural banking license. The company says it has secured over 1 billion pesos (around $20 million) in retail deposits in less than a month.

UNObank is run by Singapore-based DigibankAsia, which has partnered with digital banking technology provider Mambu and Amazon Web Services. UNObank still has to comply with other requirements, central bank Deputy Gov. Chuchi Fonacier told Nikkei Asia. "So probably, UNO Bank can launch its digital banking service next year," Fonacier said.

The Philippine central bank introduced the "digital bank" category last year as part of efforts to bring more people into the formal financial system. It intends to issue five licenses initially.

Digital banking licenses are awarded to banks without physical branches, and they must have a capitalization of at least 1 billion pesos.

Several other companies are eyeing digital bank licenses, including South African fintech Tyme, which has partnered with Philippine conglomerate JG Summit Holdings, for its Philippine rollout.

In an interview with Nikkei Asia last week, Gov. Diokno said he wanted half of the country's financial transactions to be digital and 70% of Filipino adults to have formal financial accounts by the time he steps down in 2023. "But this pandemic has been a major catalyst for that target. We'll probably meet that target by the end of 2022, sooner rather than later," he said.

Nikkei Asia

Sri Lanka

Sri Lanka urges private firms to borrow offshore; free forex cover from central bank

Sri Lanka’s central bank has urged private companies to borrow abroad and is also offering free foreign exchange cover through a zero-cost swap, in a bid to boost forex inflows to the country.

“The Central Bank of Sri Lanka (CBSL), with a view of encouraging foreign currency inflows to the country, invites the private sector to pursue avenues to raise offshore funding leveraging on its strengths,” the monetary authority said.

“In this regard, to hedge the foreign exchange risk of offshore borrowing, a zero cost swap facility would be made available by CBSL for the private sector borrowers of foreign currency for the duration of the said borrowing, which may be reviewed and renewed annually.”

Companies that could borrow abroad could also invest in Sri Lanka Development Bonds, government securities which are already denominated in US dollars.

If companies have to pledge assets to non-residents and issue corporate guarantees to overseas loans, a written application should be made to the Director, Department of Foreign Exchange.

Sri Lanka has cut taxes and injected large volumes of money into the banking system to finance an expanding deficit and also to keep interest rates down. Its swap rates had turned negative (are at a discount) due to money printing with domestic dollar yields outpacing rupee yields.

Under so-called modern monetary theory, operated with a soft-peg, Sri Lanka printed enough money to run a 2.3 billion US dollar balance of payments deficit in 2020.

Economy Next

Banking and Finance Newsbriefs

Singapore

Climate-linked financial disclosures to be legally binding, align to one global standard: MAS chief

Mandatory climate-related financial disclosures for financial institutions and listed entities in Singapore are in the works to align them to a single international standard, said the head of the Monetary Authority of Singapore (MAS).

Ravi Menon, MAS' managing director who was speaking at the launch of its inaugural Sustainability Report on June 9, said: "We need to urgently enhance the quality and consistency of climate-related disclosures."

He noted that reliable and comparable climate-related disclosures are critical for better pricing of climate-related risks, more effective risk-management and market discipline, and effective allocation of capital towards financing green and transition activities.

"The lack of consistent climate-disclosure standards has resulted in selective reporting against different frameworks, impeding the growth of sustainable finance globally."

Roadmaps for these disclosures to be set out by MAS and the Singapore Exchange (SGX) will take a phased approach, with a more ambitious timeline considered for entities that are larger or more exposed to climate risks.

MAS already expects financial institutions to make climate-related disclosures from June 2022, in accordance with "well-regarded international reporting frameworks", said Mr. Menon. It will consult the industry later in the year to focus on how to transition these expectations into legally binding requirements against a single internationally-aligned standard, he said.

As for SGX, it already subjects listed entities to annual sustainability reporting on a comply-or-explain basis, but without specifying any particular framework for them to follow, Mr. Menon added.

It will soon consult the industry on making climate-related reporting in line with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), which is a framework broadly accepted internationally.

In his speech, Mr. Menon said that there has been a renewed sense of urgency and commitment to the climate agenda.

MAS is actively involved in international forums that are developing green taxonomies. It is a member of the International Platform for Sustainable Finance (IPSF), which is developing a common reference point for definitions of green activities across major existing taxonomies. MAS is also working with fellow Asean regulators to develop an Asean taxonomy aligned with international benchmarks while taking account of the regional context.

"Consistent definitions of what constitutes green activities are key to facilitating cross-border capital flows towards sustainable outcomes," said Mr. Menon. He pointed out as well that developing a clear taxonomy for transition activities is especially relevant for Asia.

In Singapore, the green finance industry task force (GFIT) is developing such a taxonomy to guide financial institutions, setting out a “traffic light” system to classify sustainable activities as green, transition activities as yellow, and highly carbon intensive activities as red.

MAS is also supporting initiatives to foster efficient markets to trade carbon credits, with carbon credits helping to channel funds from firms with hard-to-abate emissions to projects that reduce or remove emissions.

Business Times

Banking and Finance Newsbriefs

Taiwan

Taiwan Central Bank's 'govcoin' not ready for rollout yet

Taiwan's Central Bank disclosed on June 17 that the country has been working on a pilot platform for a potential Central Bank digital currency — though there is no timetable for a rollout at the moment.

"There is no point in rushing to launch the country's own digital currency if it won't make a better financial system and our life easier," Taiwan Central Bank Governor Yang Chin-long was quoted as saying at a monthly monetary policy meeting, RTI reported.

Up to 86% of central banks around the world have begun to study the feasibility of a central bank digital currency (CBDC), including the United States, EU, Japan and South Korea. China, on the other hand, has rolled out its e-CNY trial in several big cities.

A pilot platform has been in the works in Taiwan since September 2020, according to the bank. It teamed up its bank staff with software engineers to simulate how people would make transactions through the government-run virtual currency for services or goods.

The bank's initial plan is to allow people to open a "govcoin" wallet with their own bank accounts, where the digital currencies are backed 1:1. With the wallet, people can pay without using credit or debit cards.

Yang said govcoin will only be launched when it has proven to be safer and easier to use than its mobile payment counterparts and genuinely "addresses people's needs."

"The Central Bank digital currency would only become a redundant option if it doesn't have more strengths than the existing electronic money," he added.

Taiwan News

Vietnam

Agency banking model develops in rural, remote locations in Vietnam

The State Bank of Vietnam (SBV) is amending regulations related to the operation of agency banking to improve access to the banking system.

Agency banking is a type of branchless banking that allows traditional banks to extend their network of branches and services through authorised agents.

The model arrived in the country in recent years, especially since the Government issued the national comprehensive financial strategy in early 2020.

According to the SBV's research, Brazil, Kenya, Mexico and India have all seen agency banking become an important tool to expand access to basic financial services and promote financial inclusion. Five years since Brazil launched the agents, the network has served 12.4 million new bank accounts.

The state bank said in Southeast Asia, Malaysia's agency banking model uses the nationwide telecommunications network to expand the network of traditional banking services to customers in rural and remote areas at a low cost. The model also helps Malaysian banks save more than 80% of costs for setting up service points and 60% of transaction costs compared to the traditional bank branch network.

According to the latest Comprehensive Financial Report of the World Bank released in 2018, 69% of adults in Vietnam were unbanked and relied on cash while the rate in the world was 31.5% at the same time.

Meanwhile, the national strategy of financial services sets the goal to have at least 50% of communes accessing financial service points and 80% of adults having transaction accounts at banks or other institutions by 2025.

Experts reckon the low rate of bank accessing in Vietnam is a big chance to develop banking agents across the country.

By the end of 2017, the SBV piloted agency banking in rural areas with three models. MB Bank works with Viettel services, PGBank with Petrolimex sales points and Vietcombank with M_service Company, reaching 32,185 sales points.

More than 11 million transactions with a value of more than 81 trillion VND (3.49 billion USD) were recorded among some 6 million customers.

VNA

Publications

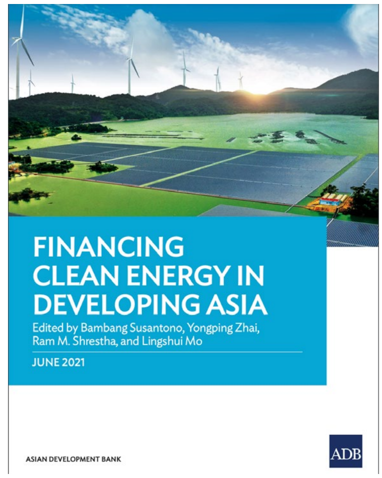
Financing Clean Energy in Developing Asia

This book published by the Asian Development Bank (ADB) examines clean energy investment needs and financing gaps in Asia and the Pacific and discusses how they are being addressed.

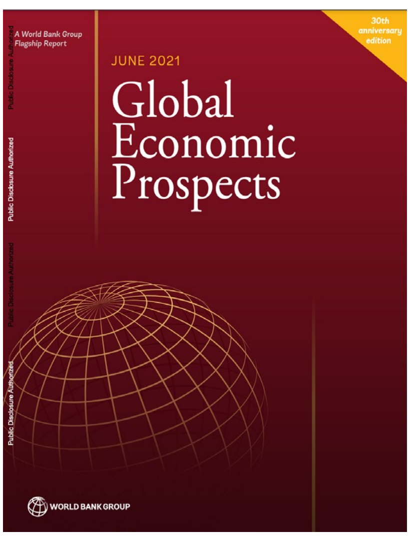
It reviews existing financing options and approaches for clean energy, and includes country examples of how these have been applied. Innovative solutions for mobilizing private finance and managing risks associated with clean energy investments are also discussed. The book is the first of two volumes that look at various approaches and instruments that have been tried, tested, and utilized to scale up clean energy development in the region.

Contact Details: ADB Publications

Website: https://www.adb.org/publications/financing-clean-energy-developing-asia



Global Economic Prospects, June 2021



The Global Economic Prospects is a World Bank Group Flagship Report that examines global economic developments and prospects, with a special focus on emerging markets and developing economies.

The world economy is experiencing a very strong but uneven recovery, with many emerging markets and developing economies facing obstacles to vaccination. The global outlook remains uncertain, with major risks around the path of the pandemic and the possibility of financial stress amid large debt loads. Policy makers face a difficult balancing act as they seek to nurture the recovery while safeguarding price stability and fiscal sustainability. A comprehensive set of policies will be required to promote a strong recovery that mitigates inequality and enhances environmental sustainability, ultimately putting economies on a path of green, resilient, and inclusive development. Prominently among the necessary policies are efforts to lower trade costs so that trade can once again become a robust engine of growth.

Contact Details: The World Bank

Website: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/355381623224494651/global-economic-prospects-june-2021

ASIAN BANKERS ASSOCIATION
Published by the Secretariat, Asian Bankers Association
Ernest Lin, Secretary Treasurer; Amador R. Honrado, Jr., Editor; Abby Moreno, Associate Editor
Teresa Liu, Assistant Editor; Wendy Yang, Contributing Editor
7F-2, No. 760, Sec. 4 Bade Road, Taipei 10567, Taiwan
Tel: (886 2) 2760-1139; Fax: (886 2) 2760-7569
Email: aba@aba.org.tw; Website: www.aba.org.tw