

Thailand Promotes Financial Cooperation at the 1st ACD Connect Business Forum

Thailand proclaimed the success of the Asia Cooperation Dialogue (ACD) Connect Business Forum, “ACD Connect” which was held for the first time in Bangkok on 9 October 2016.

ACD Connect is the first business forum to take place in tandem with the ACD Summit. Over 400 high-ranking representatives of leading private and public organisations from ACD member countries joined the forum with the objective of fostering innovative financial connectivity for a sustainable Asia.

Representatives from the private sector had the opportunity to make their recommendations based on the outcomes of the ACD Connect to Leaders at the 2nd ACD Summit on 10 October 2016.

Thai Prime Minister General Prayut Chan-o-cha titled his opening statement, “The Indispensable Role of Business in the Evolution of ACD”. He invited ACD Summit participants to utilise the ACD Connect to strengthen cooperation between government agencies and the private sector, so Asian countries can maximize the benefits of the “Asian Century”. He emphasized that the private sector is an indispensable force to connect Asia and spur economic growth through transportation infrastructure investment. The Prime Minister also mentioned the significance of financial technology, or FinTech, as a tool to transform Asia into a cashless society. The Prime Minister further added that ACD Connect should serve as a significant evolution of the ACD framework and become a sustainable mechanism for the private sector of ACD Member States.

ACD Connect surveyed the current status of the region’s progress in order to find mutual ground to link Asia’s finances. The forum’s two topics were “Driving Asian Economies with FinTech” and “Financing Infrastructure in Asia”. Leading FinTech companies such as Alibaba from China, Tata Consultancy Services (TCS) from India, Money Design from Japan, CASHU from the UAE, and financial regulators from Singapore and Hong Kong SAR exchanged experiences and knowledge on the utilisation of

FinTech to drive the economies of Asia. The panellists concurred that FinTech can lead to comprehensive and sustainable financial services in Asia, create opportunities to increase the speed and efficiency of financial transactions, and meet the needs of people in the digital era.

Renowned FinTech companies such as Alibaba and Uber act not only as centres of online trade and services but also as regulators of financial transaction ecosystems where cash is not needed. FinTech will replace old transaction procedures, as well as create new employment positions in relevant fields. The ecosystem should be developed with the aim to meet the needs of consumers. Cooperation between market leaders and start-ups should be promoted and they should think outside the box to cater to the needs of consumers more efficiently. The private sector is urged to join with the public sector to exchange experiences and enhance cooperation. The private sector's role is to accommodate consumer needs while the government's role is to support FinTech and create a conducive environment.

To develop FinTech industry successfully, the government should provide support in terms of infrastructure and study consumer data in line with the KYC (Know Your Customer) concept. Furthermore, it should adjust regulations to enable FinTech to try new technologies and impose measures such as "Regulatory Sandbox" i.e. space where FinTech companies can test whether their services are effective and efficient with regulators in order to give them suggestions before the services are launched in the market. There should also be an increase in cross-border linkages to connect Asian countries while reducing the costs of cross-border transactions. The ACD itself is expected to encourage FinTech development by providing support accordingly.

Dr. Vorapol Socratyanurak, Member of the National Legislative Assembly, said, "A conducive environment for FinTech must have flexible criteria. The public sector should allow FinTech to do trials and develop options to meet people's demands."

Guru Gowrappan, Global Managing Director from Alibaba Group, stated, "The development of an ecosystem for FinTech should start by understanding users' demands. The next step is to determine the appropriate criteria to create such ecosystem. Building collaboration between the public and private sectors is important."

Representatives from the Asian Development Bank (ADB) and Asian Infrastructure Investment Bank (AIIB) were of the opinion that there is a great lack of infrastructure investment in Asia. Now is the right time and opportunity to invest in the regional infrastructure since low interest rates increase the return on infrastructure investment.

The public sector and international financial institutions would not have sufficient resources to invest in all infrastructure projects. The private sector can thus play an important role in joint investment for the advancement of the financial infrastructure.

Dr. Supee Teerawaninthon, Director-General for Investment Operations of the Asian Infrastructure Investment Bank (AIIB) said, “Drawing funds from the private sector is a challenge. The key factor is to develop clear criteria and contracts and manage the risks between the public and private sectors appropriately.”

Key success factors include clear regulations on taxes, cooperation, investment proportion, risk diversification in the public and private sectors, and financial products that meet investors’ demands. There should also be more knowledge exchange and technical support. Investors should be supported to have greater understanding about risk diversification and the return on infrastructure investment.

ACD Connect allowed the participants to propose their ideas since one of its objectives is to promote cooperation and linkages across Asia under the theme “Big Idea for Connecting Asia”. Some of the selected ideas that will be implemented include the development of mechanisms to regulate FinTech in Asia for ACD Member States. The mechanisms are expected to be considered for adoption on a voluntary basis. Other ideas concern the use of existing electronic channels to mobilise funds to develop infrastructure and the establishment of funds to promote FinTech in Asia.

Government and business leaders from 28 out of 34 ACD Member States across the Asia Pacific region exchanged ideas and built networks to expand cooperation and create business opportunities. During the concluding session, Bundit Limschoon, Asia Cooperation Dialogue (ACD) Secretary-General, launched the “ACD Connect Network Portal” that compiles databases of

all participants contact information to help them connect and strengthen ties between businesses in ACD member countries.

Representatives of the public and private sectors from 28 member countries include Afghanistan, Bahrain, Bangladesh, Bhutan, Cambodia, China, India, Japan, Kazakhstan, Republic of Korea, Kyrgyzstan, Lao PDR, Malaysia, Myanmar, Mongolia, Nepal, Oman, Pakistan, Singapore, the Philippines, Russia, Sri Lanka, Tajikistan, Turkey, UAE, Uzbekistan, Viet Nam and Thailand. There were also ministerial representatives from 10 countries: Oman, Tajikistan, UAE, Bahrain, Nepal, the Philippines, Bhutan, Bangladesh, Kyrgyzstan, and Sri Lanka.

At the 2nd ACD Summit, the private sector, led by Mr. Jack Ma, Executive Chairman of Alibaba Group, and Mr. Sunil Chopra, Senior Advisor to the CEO & MD of Tata Consultancy Services (TCS), represented the ACD Connect participants to propose suggestions made at the forum to Leaders of ACD Member States during the 2nd ACD Summit at the Ministry of Foreign Affairs, Thailand.

ACD Connect was organised by the Ministry of Foreign Affairs and the Securities and Exchange Commission to jointly promote the role of Thailand in the ACD framework on financial linkages based on technology and innovation for the sustainable prosperity of Asia.
