

Towards the "NEW NORMAL"

# In Joon Hwang

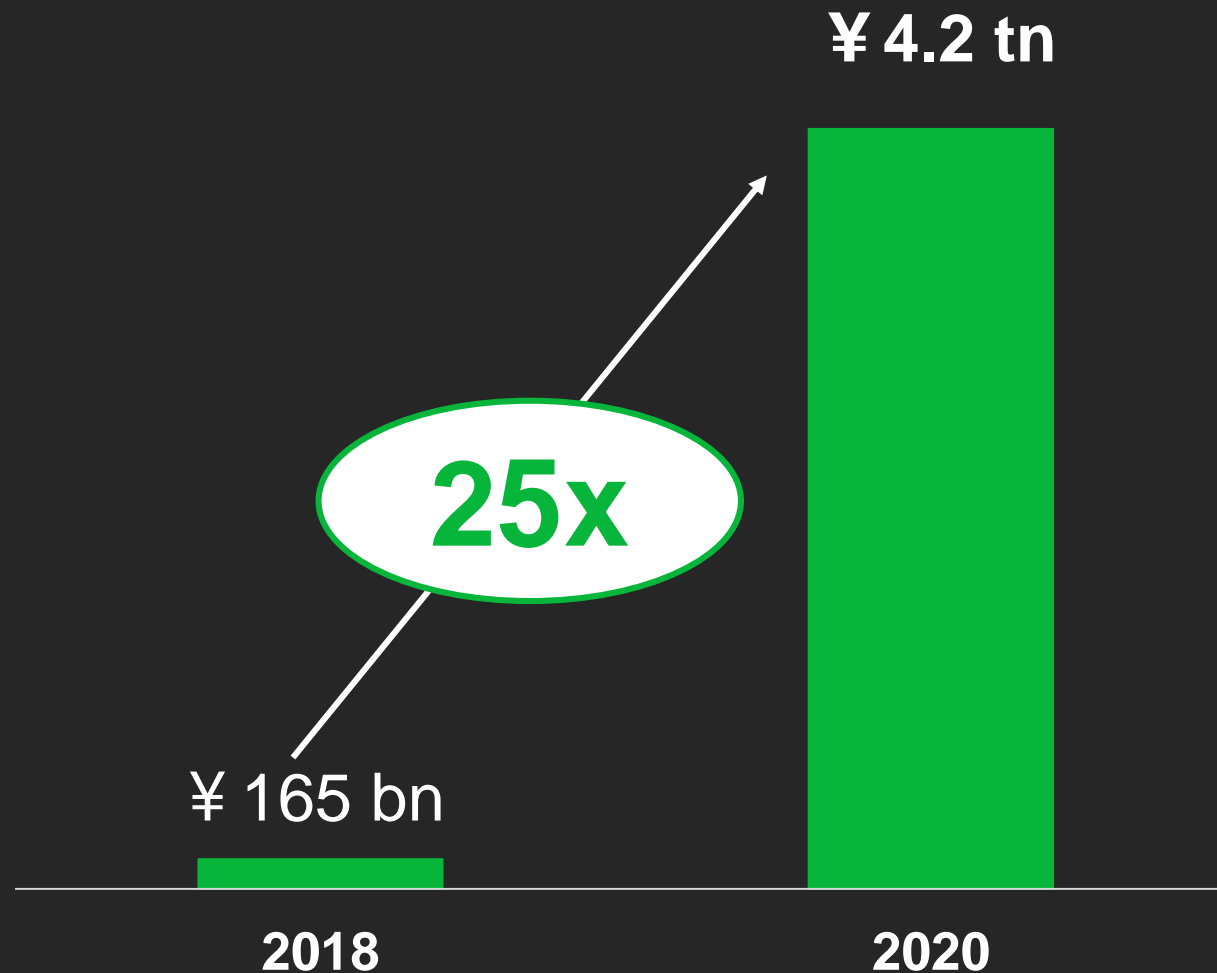
Chairman of LINE Bank Taiwan  
Global CIO at Z Holdings



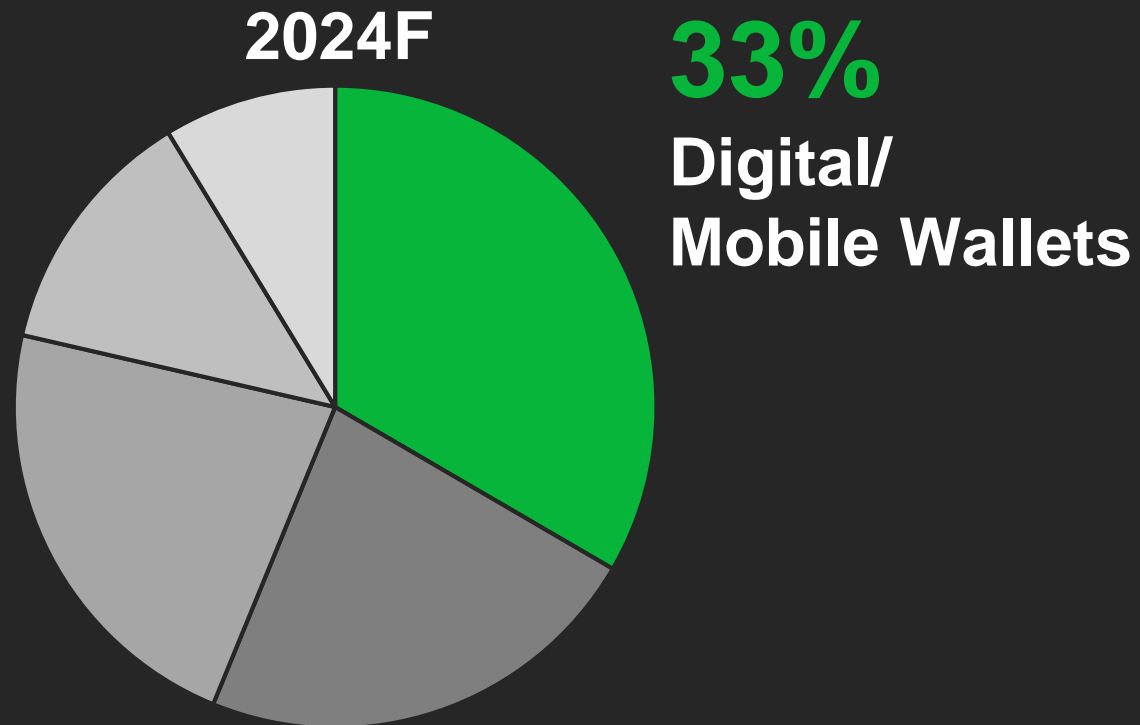


**New Normal**

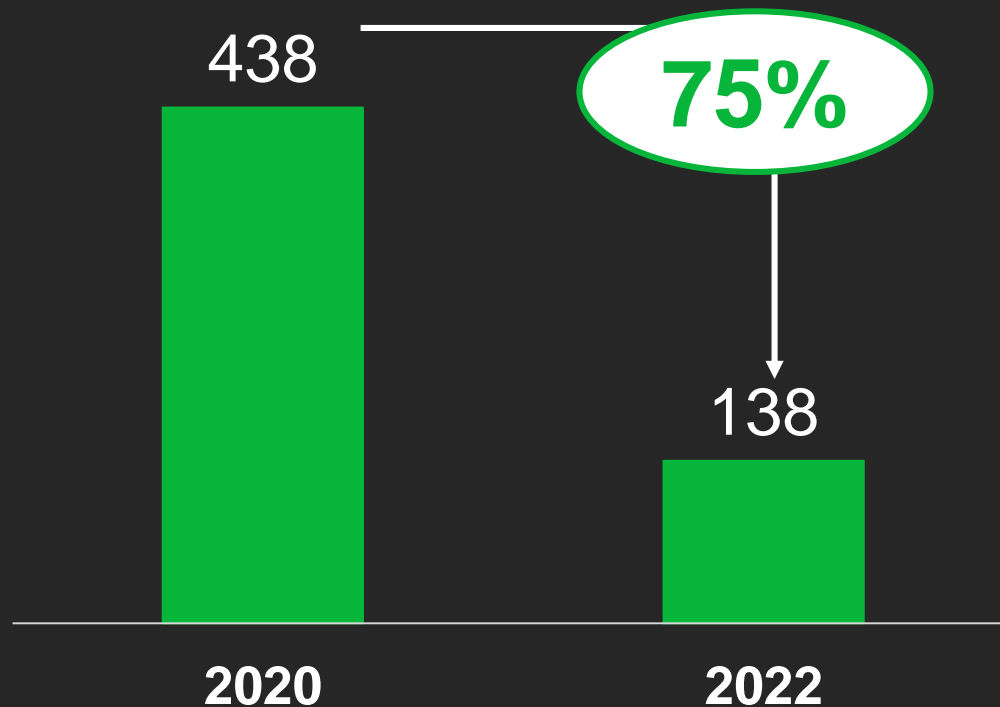
# Digital Payments Volume in Japan



# Digital Payments Gaining Ground



# Bank Branches Declining



## 日本経済新聞 NIKKEI

三井住友FG、4分の3を軽量店に転換 22年度までに

金融機関 +フォローする  
2020年5月19日 18:34

保存

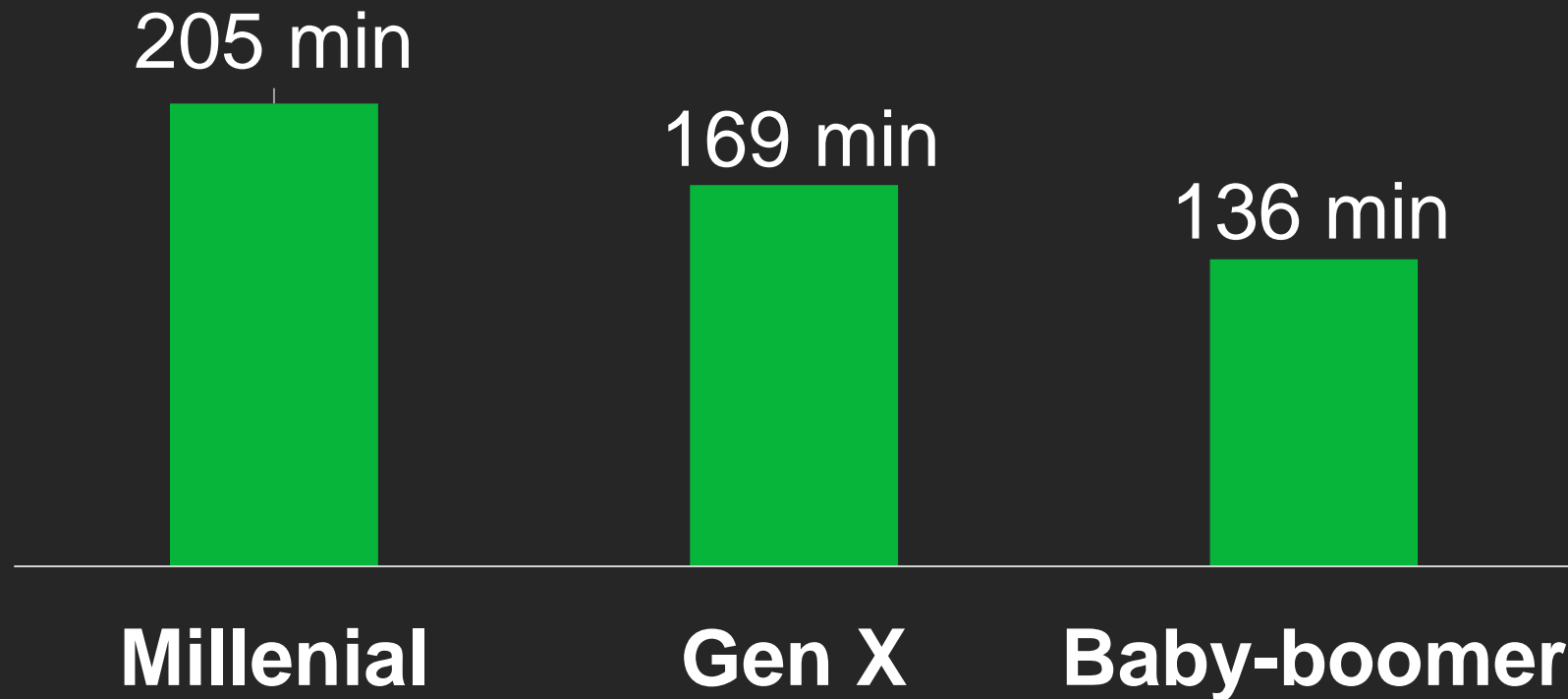
📧 📧 📧 📧 📧



現在9割以上を占める従来型の店舗は全体の4分の1に縮小する

三井住友フィナンシャルグループ (FG) は19日、傘下行の店舗配置を見直すを発表した。2022年度までに4分の3にあたる300店舗について、業務の多くをIT (情報技術) で効率化し、個人の資産運用相談などに重点を置く「軽量店」に転換。現在9割以上を占める従来型の店舗は全体の4分の1に縮小する。メリハリをつけた店舗運営

# Daily Smartphone Usage Time



# Disruptors

Robinhood 

 WeChat Pay

 kakaobank

 Alipay

 Toss

Revolut

 TransferWise

 PayPay

**WeBank**  
微众银行

afterpay 



About LINE

# Life on LINE

A platform to support users' lives 24/7

7:00

12:00

14:00

17:00

20:00

22:00



## LINE NEWS LINE TODAY

Getting up and  
checking the news



## Demae-can LINE MAN

Getting pizza delivered  
for lunch



## LINE Official Account

Get coupon notifications  
from your favorite brands  
when you visit a store



## LINE Pay

Shopping for groceries



## LINE MUSIC LINE TV

Finishing work and  
listening to music on  
the way home

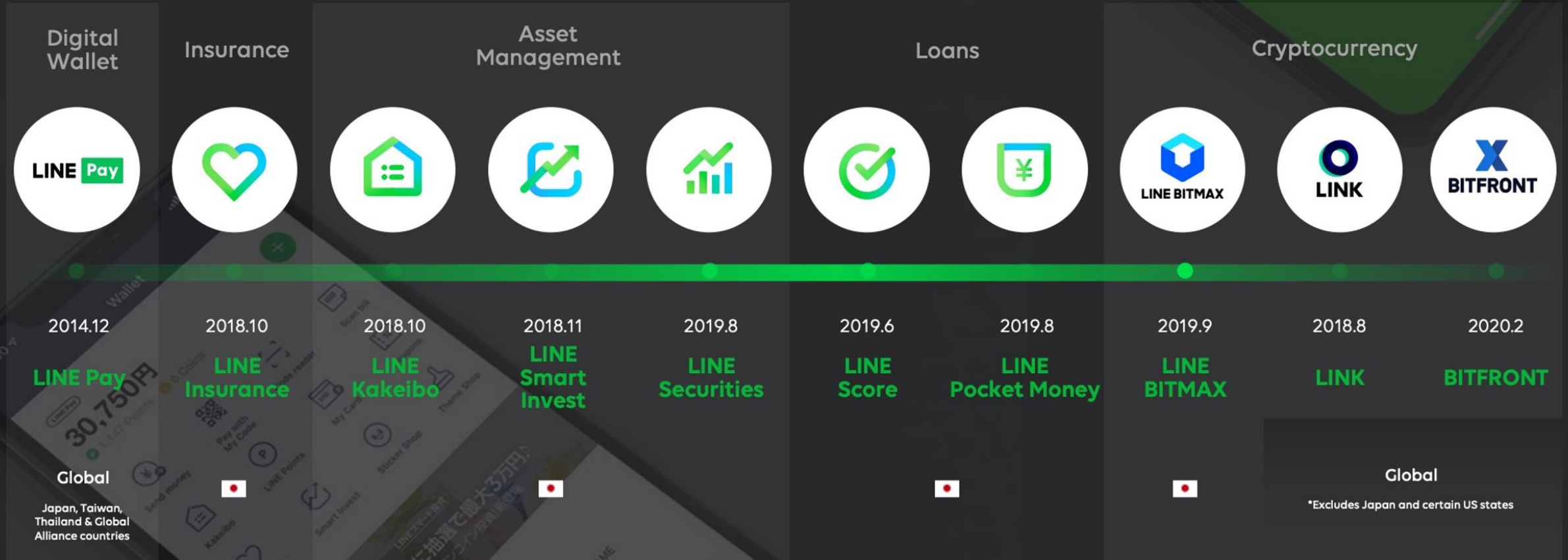


## LINE SHOPPING

Buying new shoes before  
heading to bed

Fintech

# Fintech Service Roadmap



Fintech

# Fintech Service Roadmap

## Banking



2020.10

**LINE BK**

Powered by KBank



2021.4

**LINE Bank**



2021.6

**LINE Bank**

By Hana Bank



2022 ~

\*LINE banking services  
also planned for Japan

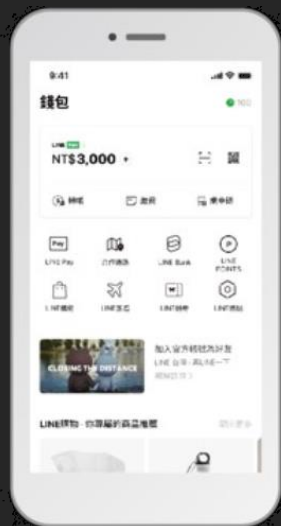


**Finance in the Palm of Your Hand**



**USER FIRST**

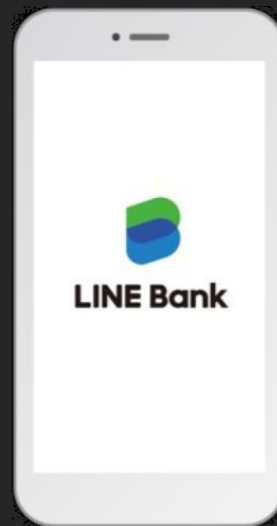
# Simple Process & Easy Access



LINE Wallet



LINE Main page



LINE Bank App



## 主帳戶 免出門線上開戶速Pay

- LINE開戶綁定LINE Pay立即用
- 台幣活儲年利率1%無上限
- ATM跨行提款免費5次/月



## 快點卡 卡一刷 點數立即發

- 五款卡面限量任選
- 消費即時回饋LINE POINTS
- 權益隨意轉、優惠隨時享



## 多元轉帳 友LINE都能轉

- LINE聊天室轉帳，金額任意分
- 行動銀行跨轉免費88次/月
- App約定帳號管理，輕鬆轉百萬



## 夢想帳戶 月存越有利

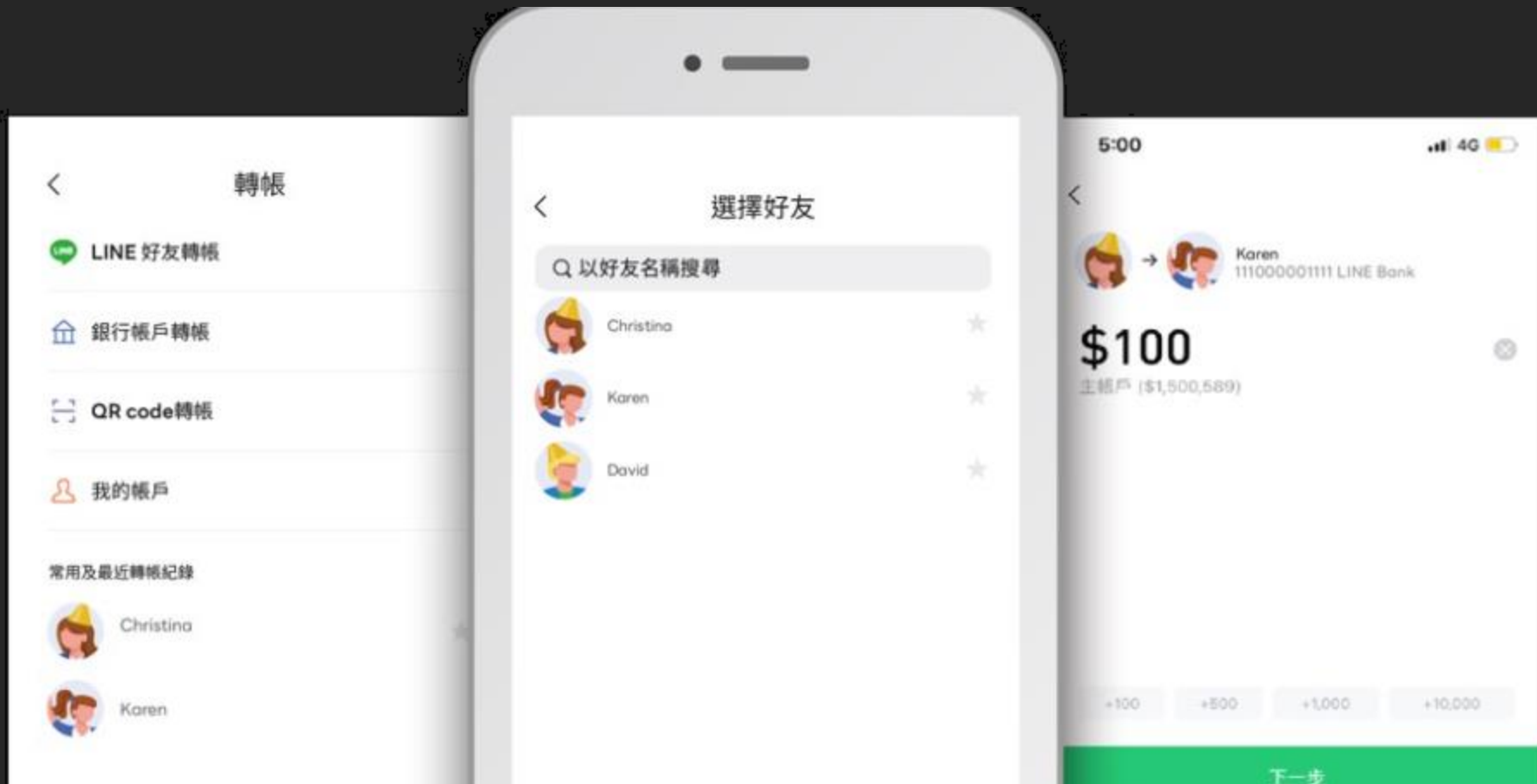
- 零存整付定存，存錢無負擔
- 存期4~24月、金額1萬~300萬
- 存款利率最高可達1.62%



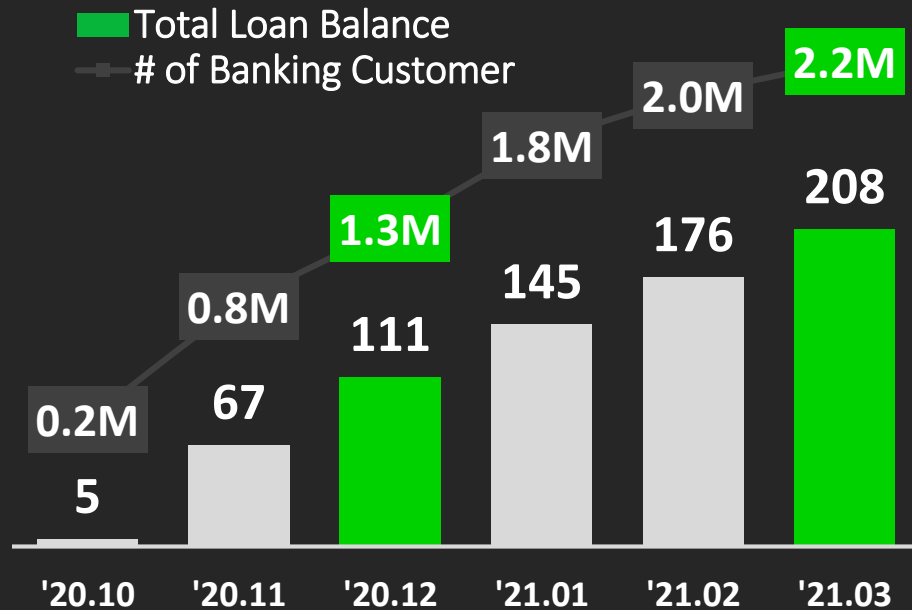
## 分期信貸 好划算 隨時貸好運

- 年利率1.68%起
- 開辦費只要NT488
- 貸款滿月不綁約

# Free & Easy Remittance to LINE Friends



# LINE BK



Bangkok Post

THAILAND WORLD BUSINESS OPINION AUTO LIFE

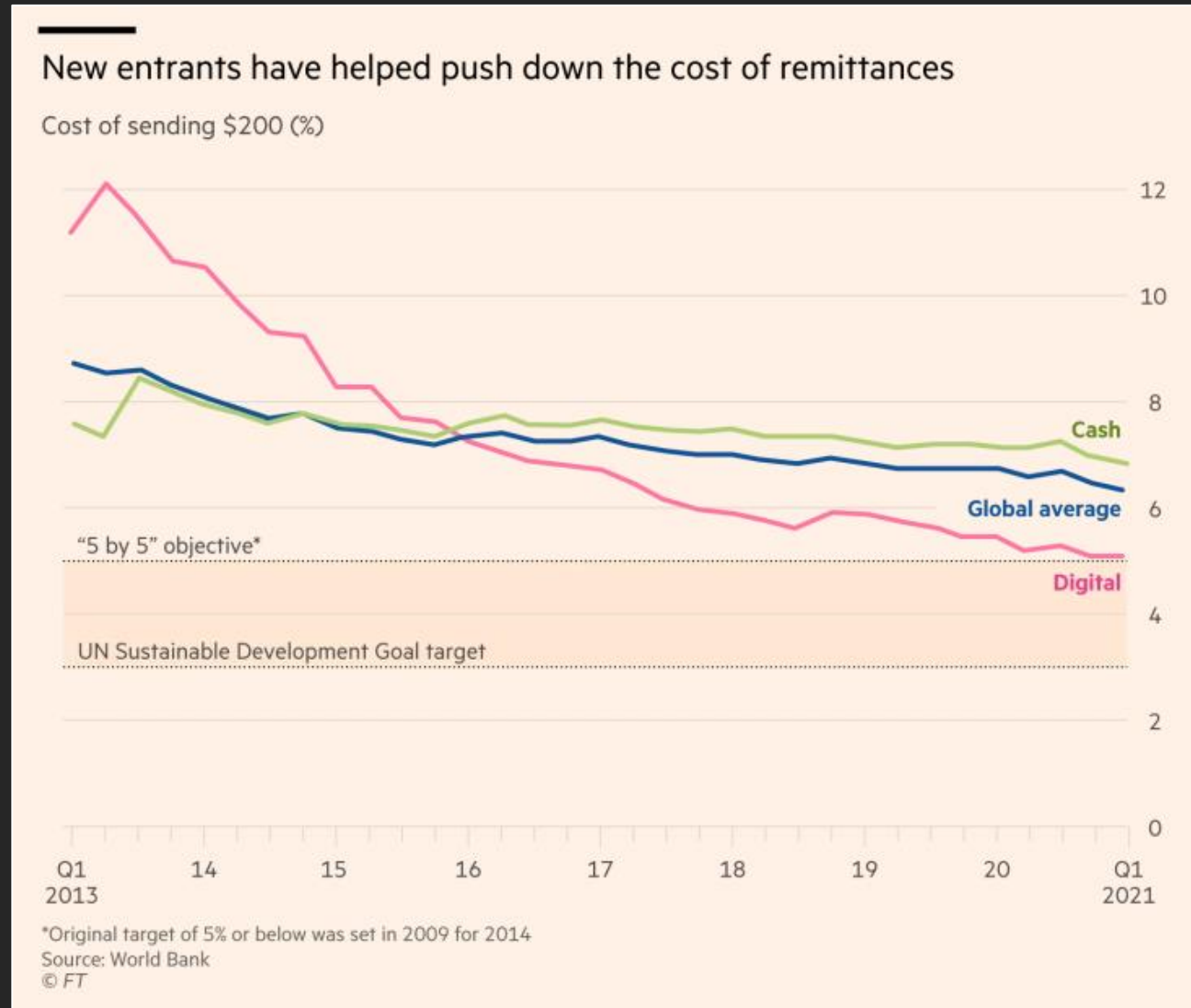
THAILAND > PR NEWS

## LINE BK hits 1 million users within 2 months after launch

PUBLISHED : 22 DEC 2020 AT 16:08

Thanaphotikamjorn, Chief Executive Officer of Kasikorn Line Company Limited, revealed that after launching LINE BK in mid-October 2020, it was found that the response was excellent beyond expectations. By in just 2 months able to achieve the first goal is It has more than 1 million LINE BK users, while the total amount of financial transactions exceeds 6,000 million baht. There are more than 20,000 customers applying for a loan line per day, according to figures show that 30% of those who have a loan limit have never had a loan elsewhere. In line with the goals, companies that want LINE BK to be a financial service that everyone can access, unlocking restrictions for those with no fixed income and no payslip.

# Democratizing Finance Using Technology





# Democratizing Finance Using Technology

**LINE** Score



# Democratizing Finance Using Technology



**LINE Blockchain**

**Clova**   
AI

# Returning Saving to Customers



## LINE Bank 超即利嗨

開戶300點+活存1%無上限+刷卡3%起

活動期間：開戶禮7.15-9.30 活存1% 7.16-9.30 刷卡3% 7.15-12.31



# New Normal

Digital  
Acceleration



UI/UX  
Focus



Continued  
Innovation



Beyond  
KYC



# ASIAN DEVELOPMENT OUTLOOK 2021

Asia's short-term economic outlook

Donghyun Park  
Principal Economist, Asian Development Bank

37th Virtual Asian Bankers Association General Meeting and  
Conference, 24–27 August 2021

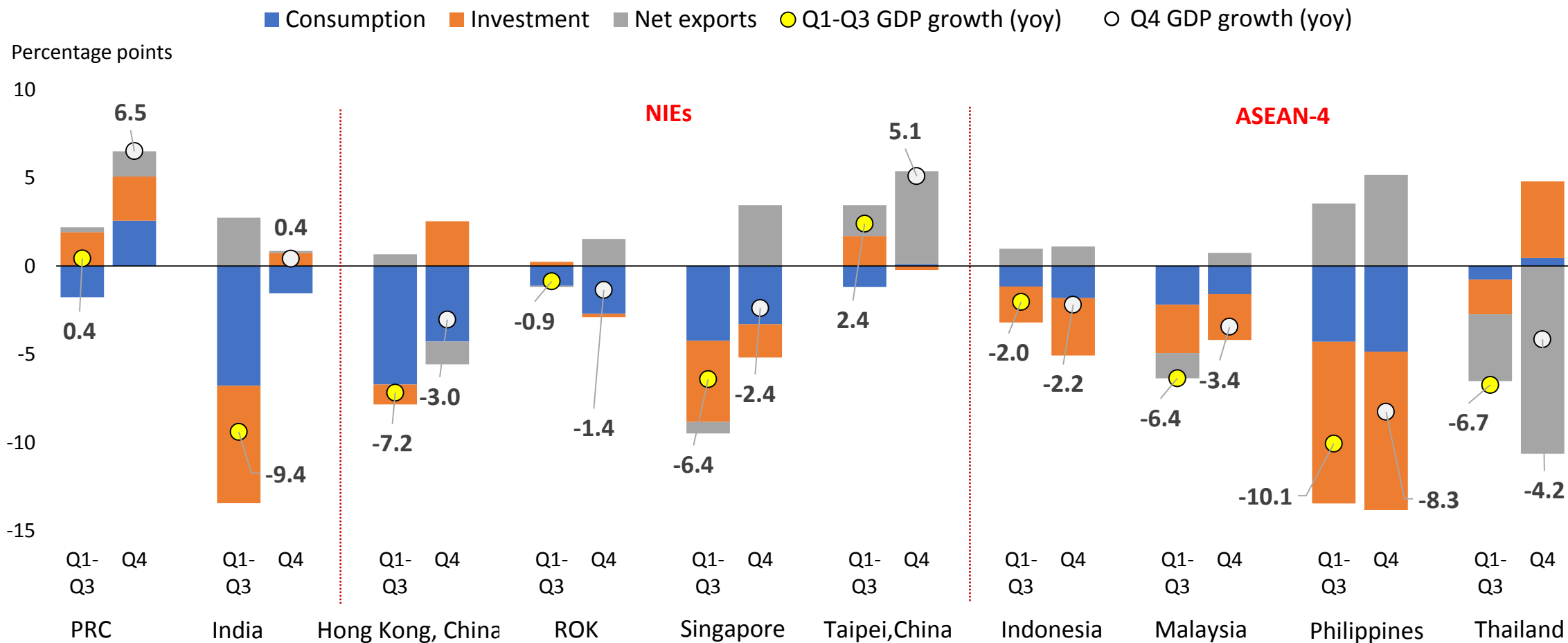
#ADO2021

ADB



# Economies are turning the corner at different speeds.

Growth improved in most large regional economies in Q4, but to varying degrees, supported by improving domestic and external conditions.



PRC = People's Republic of China, ROK = Republic of Korea, yoy = year on year.

Data refers to calendar year quarters.

Source: CEIC Data Company.

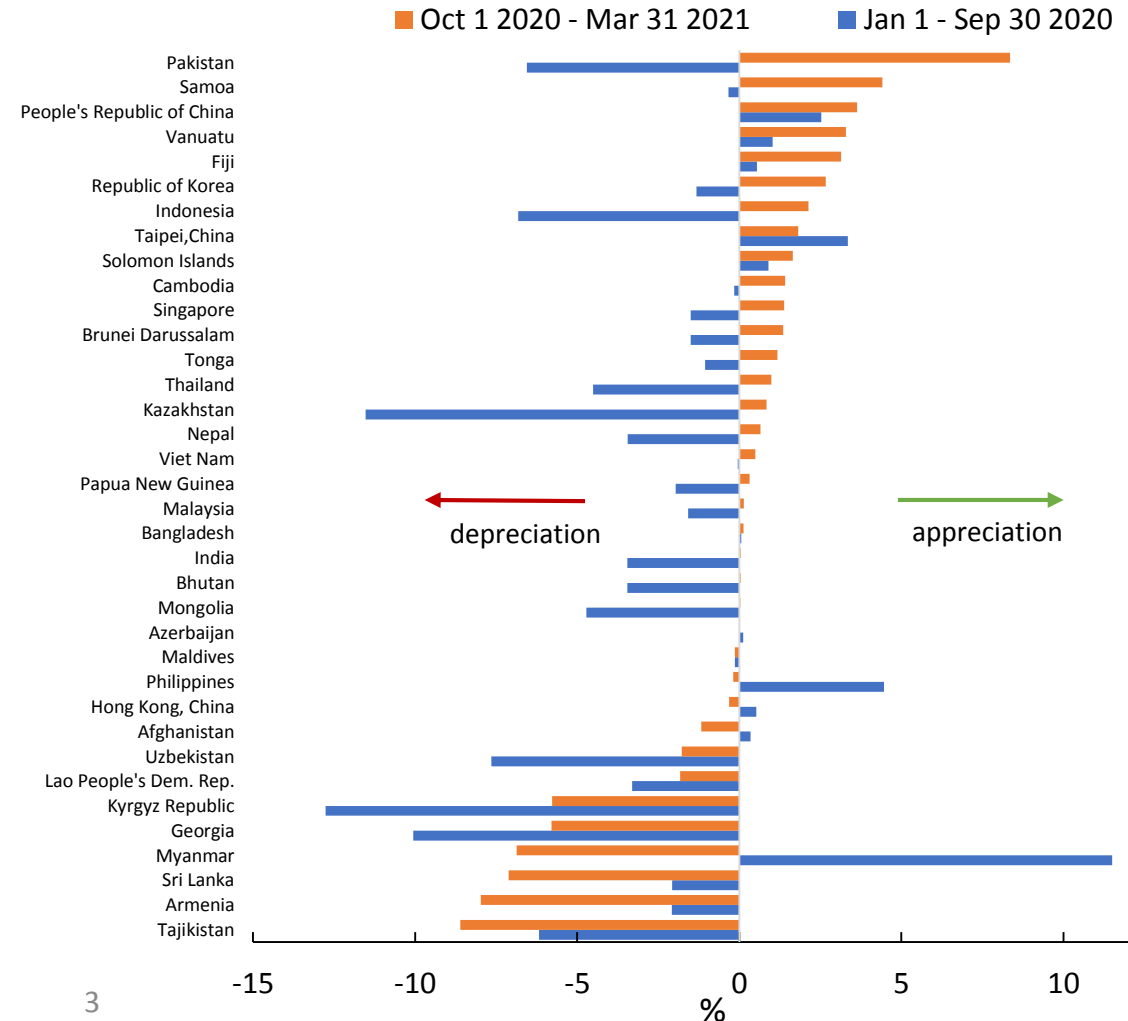
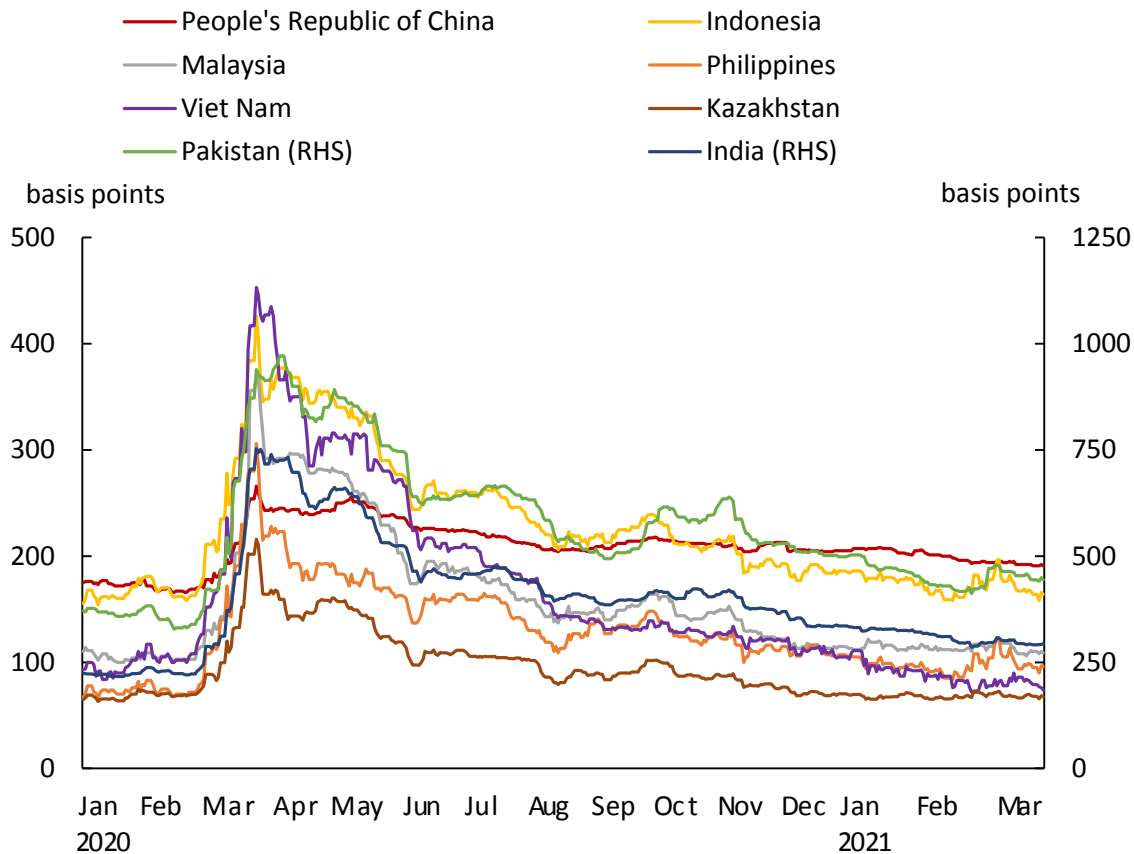


# Buttressed by the economic recovery and substantial policy support, financial conditions and risk sentiment continued to improve.

*Risk premiums continued to recede since late 2020, but widened slightly in March on rising US bond yields*

*Most regional currencies strengthened against the USD since Q4 2020, but a few continued to depreciate*

## JP Morgan EMBI stripped spreads



Source: Bloomberg.



# Economic activity in developing Asia is projected to rebound...

*The outlook is positive, but recovery paths vary.*

GDP growth in developing Asia, in %

	2020	2021	2022		2020	2021	2022
<b>East Asia</b>	<b>1.8</b>	<b>7.4</b>	<b>5.1</b>	<b>South Asia</b>	<b>-6.0</b>	<b>9.5</b>	<b>6.6</b>
Hong Kong, China	-6.1	4.6	4.5	Bangladesh	5.2	6.8	7.2
People's Republic of China	2.3	8.1	5.5	India	-8.0	11.0	7.0
Republic of Korea	-1.0	3.5	3.1	Pakistan	-0.4	2.0	4.0
Taipei, China	3.1	4.6	3.0				
				<b>Central Asia</b>	<b>-1.9</b>	<b>3.4</b>	<b>4.0</b>
<b>Southeast Asia</b>	<b>-4.0</b>	<b>4.4</b>	<b>5.1</b>	Kazakhstan	-2.6	3.2	3.5
Indonesia	-2.1	4.5	5.0	Uzbekistan	1.6	4.0	5.0
Malaysia	-5.6	6.0	5.7				
Philippines	-9.6	4.5	5.5	<b>The Pacific</b>	<b>-5.8</b>	<b>1.4</b>	<b>3.8</b>
Singapore	-5.4	6.0	4.1	Fiji	-19.0	2.0	7.3
Thailand	-6.1	3.0	4.5	Papua New Guinea	-3.3	2.5	3.0
Viet Nam	2.9	6.7	7.0				
<b>Developing Asia</b>	<b>-0.2</b>	<b>7.3</b>	<b>5.3</b>	<b>Excluding NIEs</b>	<b>0.0</b>	<b>7.7</b>	<b>5.6</b>

Note: Data for Bangladesh, India, and Pakistan are on fiscal year basis, with FY2021 ending 30 June 2021 for Bangladesh and Pakistan and ending 31 March 2022 for India.





# ...but the path of GDP will remain below its pre-pandemic trend, to varying degrees.

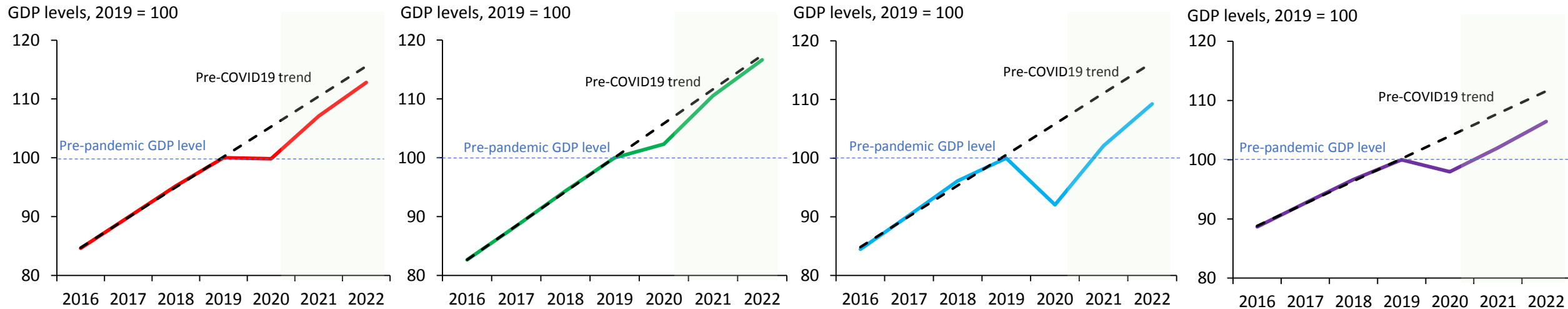
*Developing Asia contracted mildly as resilience in the PRC offset weaknesses elsewhere*

A. Developing Asia

B. People's Republic of China

C. India

D. Rest of developing Asia



Source: Asian Development Outlook database.



# **In a still uncertain environment, risks remain tilted to the downside.**

- The most significant threat to the outlook is an unfavorable evolution of the COVID-19 pandemic—significant renewed outbreaks, and delayed vaccine programs.
- Other risks to the outlook include geopolitical tensions (including between the US and the PRC), political turmoil, supply chain bottlenecks, and possible tightening of financial conditions.



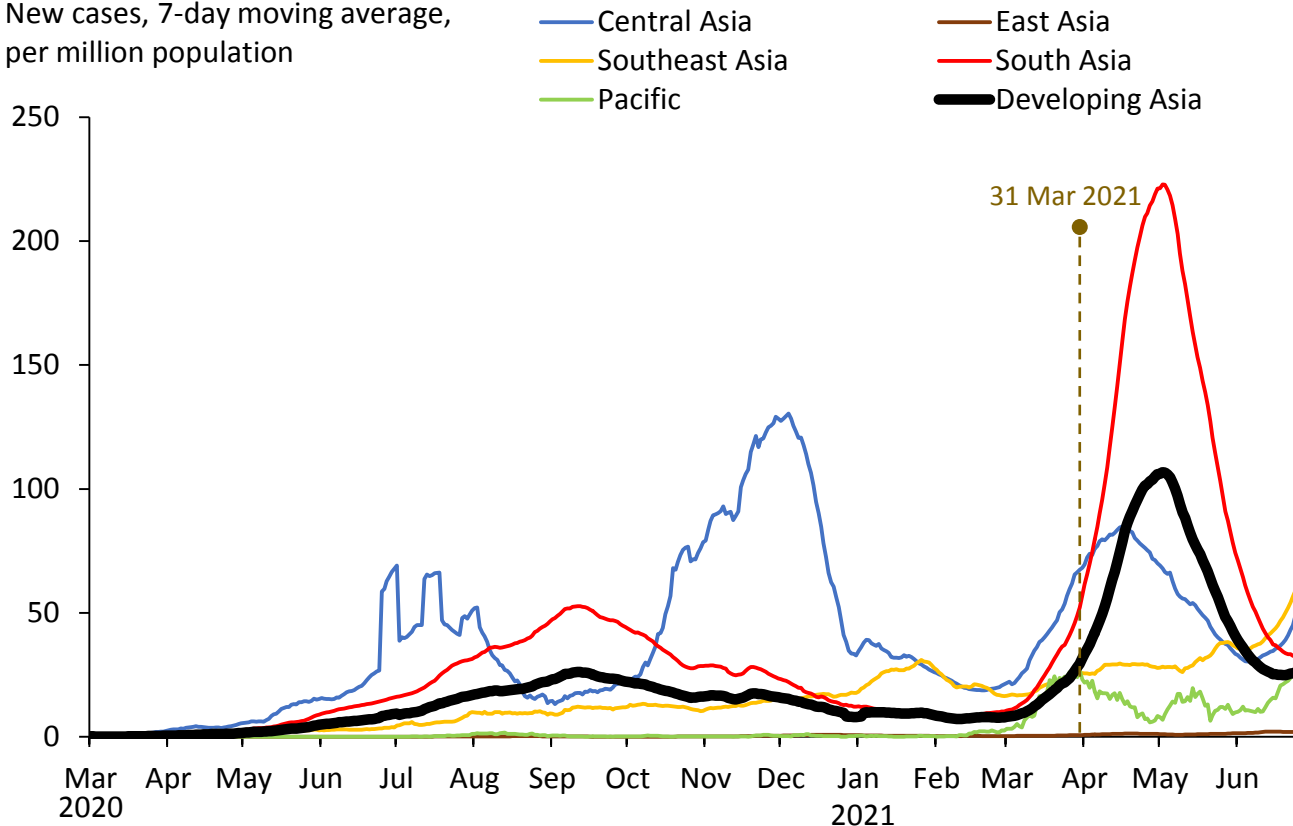
# Key updates in ADO Supplement July 2021: New COVID-19 wave, and uneven vaccination progress

*A new wave of COVID-19 cases arose in 2021, peaking in mid-May*

*Vaccination is progressing in many economies, but developing Asia is still far from achieving herd immunity*

Covid-19 daily cases

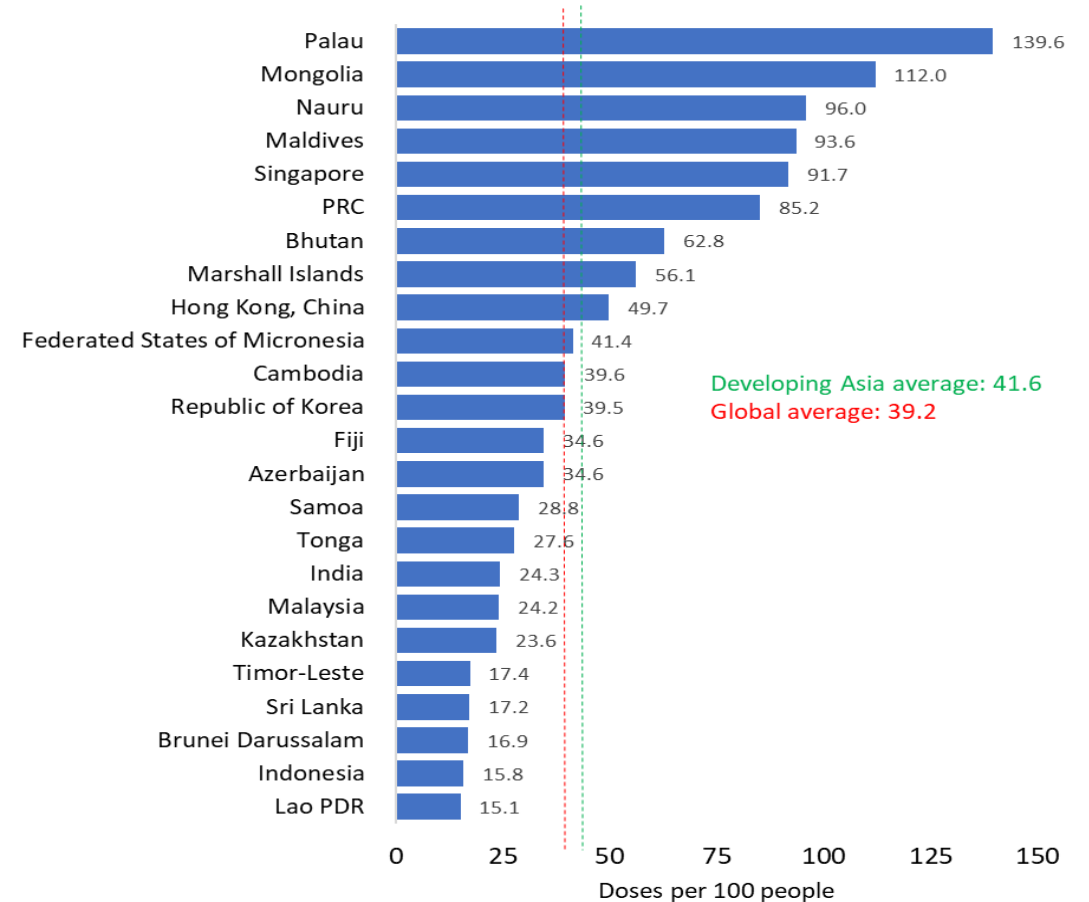
New cases, 7-day moving average, per million population



Note: Vertical line on 31 March 2021 denotes the data cutoff for the April 2021 ADO. Data is as of end of June.

Source: ADB COVID-19 Policy Database, <https://covid19policy.adb.org/cases>.

Total doses administered per 100 people



Note: Developing Asia average is a population-weighted average. Only economies with 15 doses per 100 people or more are shown. Sources: Bloomberg (accessed 1 July 2021).

# Divergent recovery continues, with many outbreak-affected economies downgraded.

## GDP growth (%)

	2021		2022			2021		2022	
	April ADO 2021	July ADOS	April ADO 2021	July ADOS		April ADO 2021	July ADOS	April ADO 2021	July ADOS
<b>East Asia</b>	7.4	7.5 ▲	5.1	5.1	<b>Southeast Asia</b>	4.4	4.0 ▼	5.1	5.2 ▲
Hong Kong, China	4.6	6.2 ▲	4.5	3.4 ▼	Indonesia	4.5	4.1 ▼	5.0	5.0
People's Rep. of China	8.1	8.1	5.5	5.5	Malaysia	6.0	5.5 ▼	5.7	5.7
Republic of Korea	3.5	4.0 ▲	3.1	3.1	Philippines	4.5	4.5	5.5	5.5
Taipei, China	4.6	5.6 ▲	3.0	3.0	Singapore	6.0	6.3 ▲	4.1	4.1
					Thailand	3.0	2.0 ▼	4.5	4.9 ▲
<b>South Asia</b>	9.5	8.9 ▼	6.6	7.0 ▲	Viet Nam	6.7	5.8 ▼	7.0	7.0
India	11.0	10.0 ▼	7.0	7.5 ▲					
<b>Central Asia</b>	3.4	3.6 ▲	4.0	4.0	<b>The Pacific</b>	1.4	0.3 ▼	3.8	4.0 ▲
Kazakhstan	3.2	3.4 ▲	3.5	3.5					
<b>Developing Asia</b>	7.3	7.2 ▼	5.3	5.4 ▲	<b>Excluding NIEs</b>	7.7	7.5 ▼	5.6	5.7 ▲

▲ = upgraded forecast, ▼ = downgraded forecast, no sign = unchanged.

Source: Asian Development Outlook database.



# DBS Macro Insights

## Pandemic's costs and remedies

*Taimur Baig, Chief Economist*

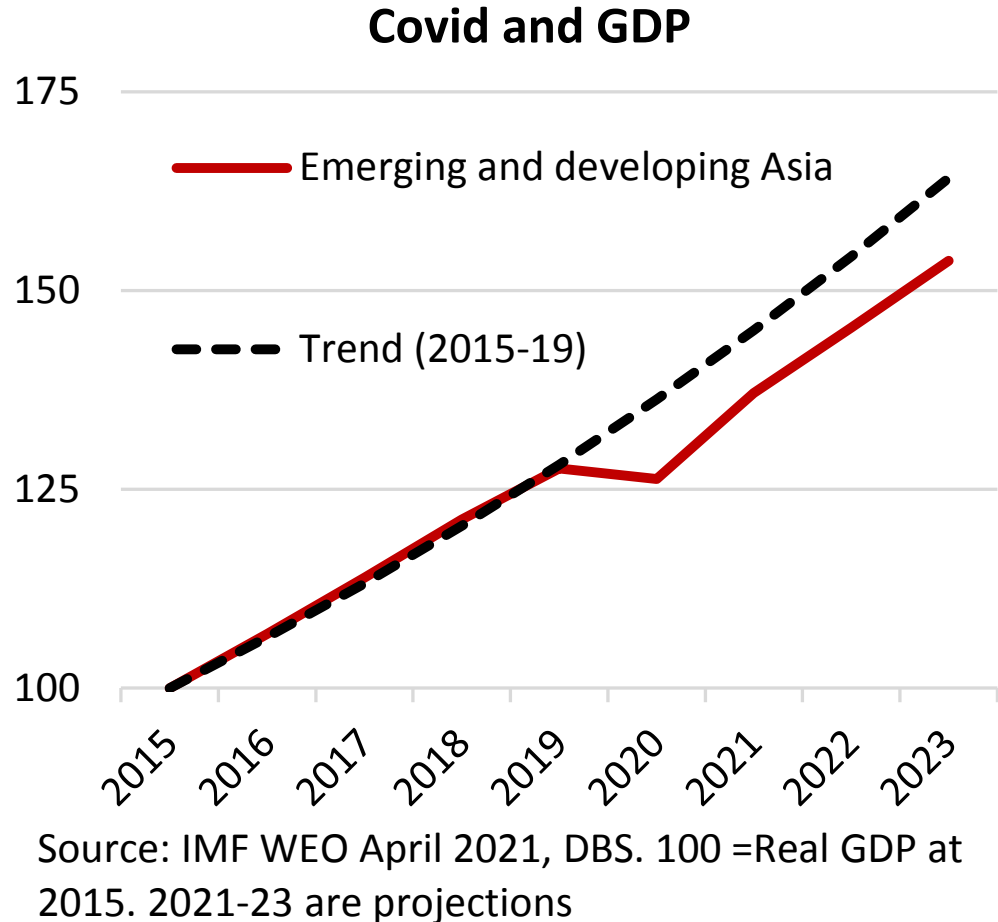
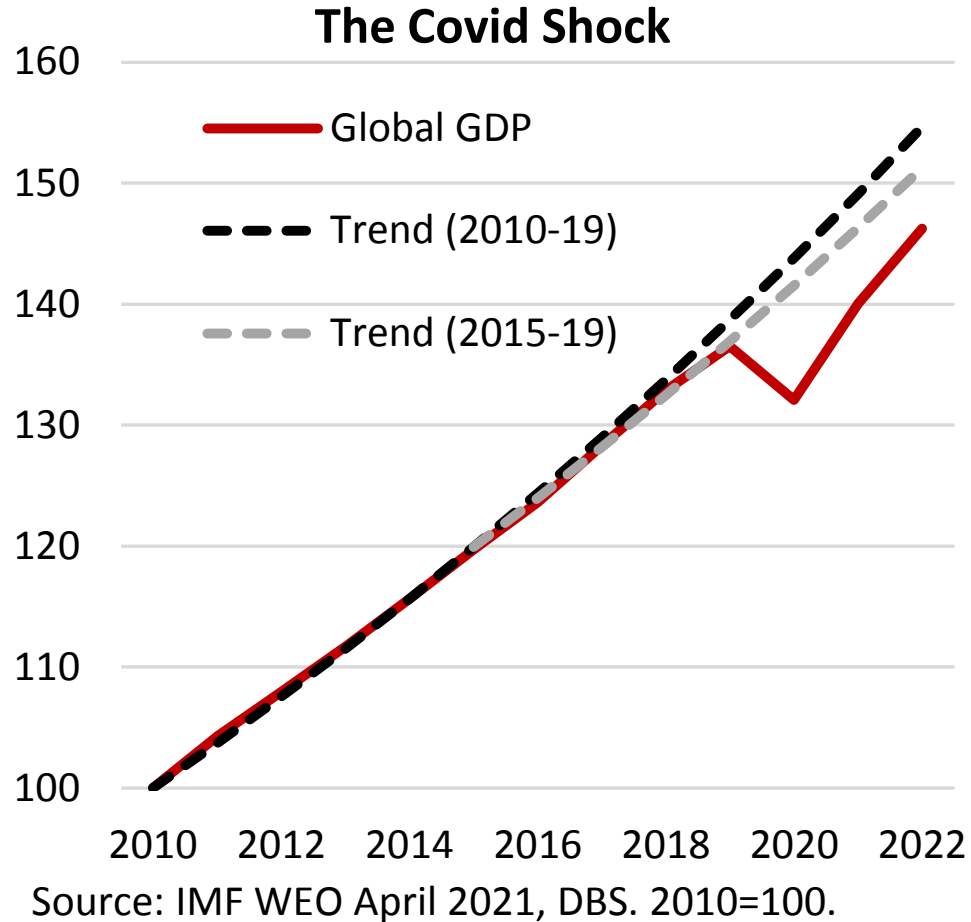
Economics and Strategy, DBS Group Research

August 24, 2021

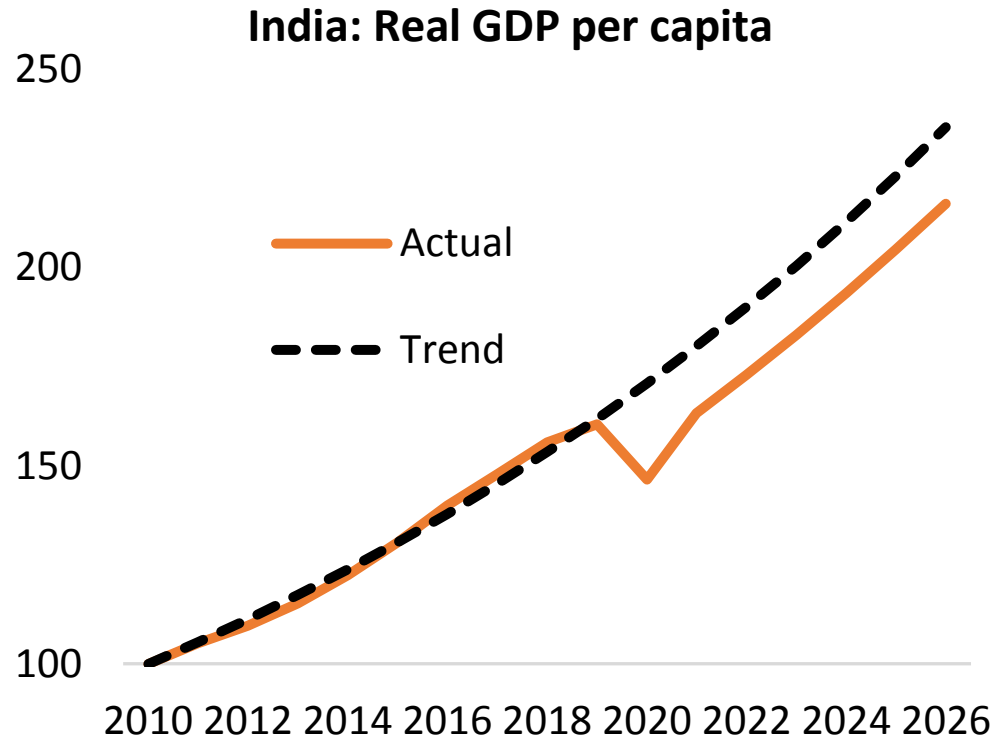
# Counting the costs; thinking through remedies

- Loss of output
- Rise in public debt
- Private sector balance sheet
- Remedies

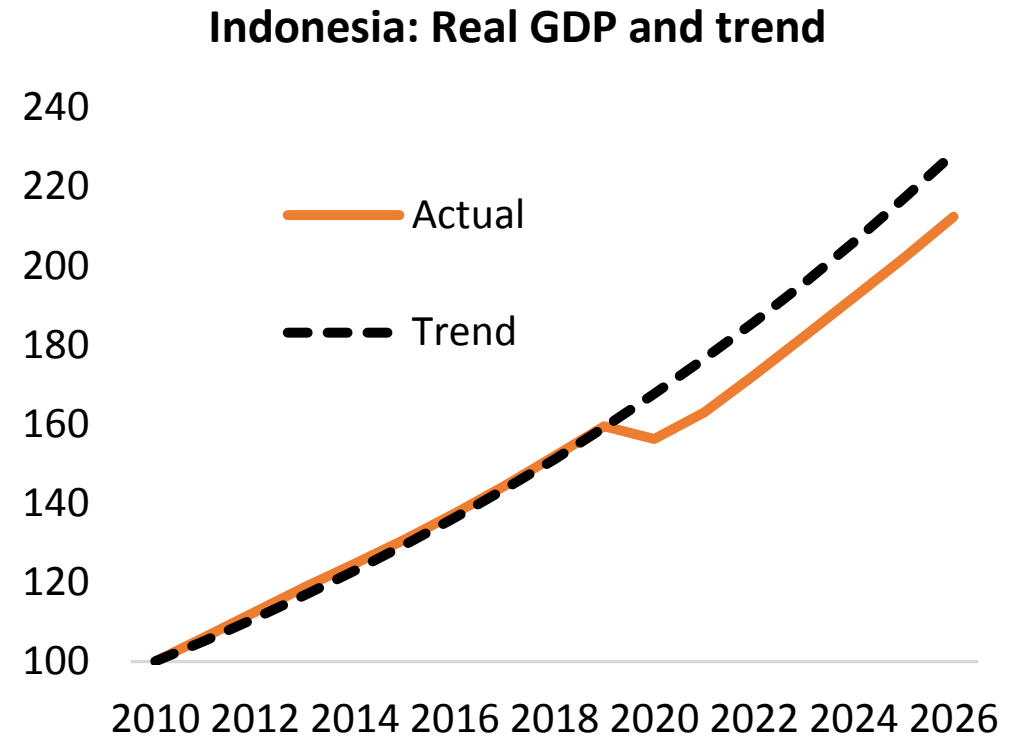
# Loss of output



# Loss of output



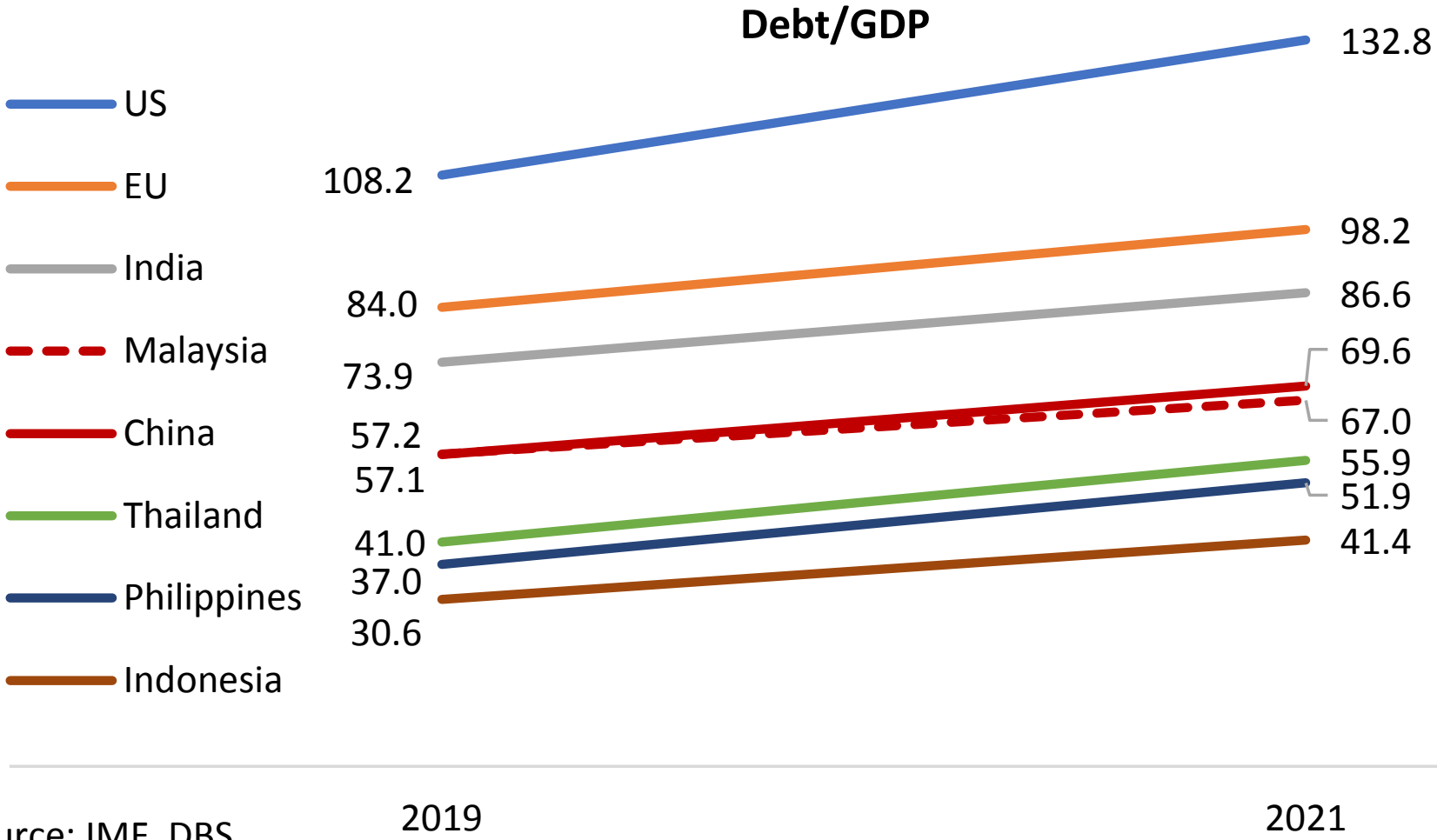
Source: IMF, DBS. Trend based on 2010-19 average growth of 5.5%. Data beyond 2020 are IMF forecasts



Source: IMF, DBS. Trend based on 2010-19 average growth of 5.3%. Data beyond 2020 are IMF forecasts



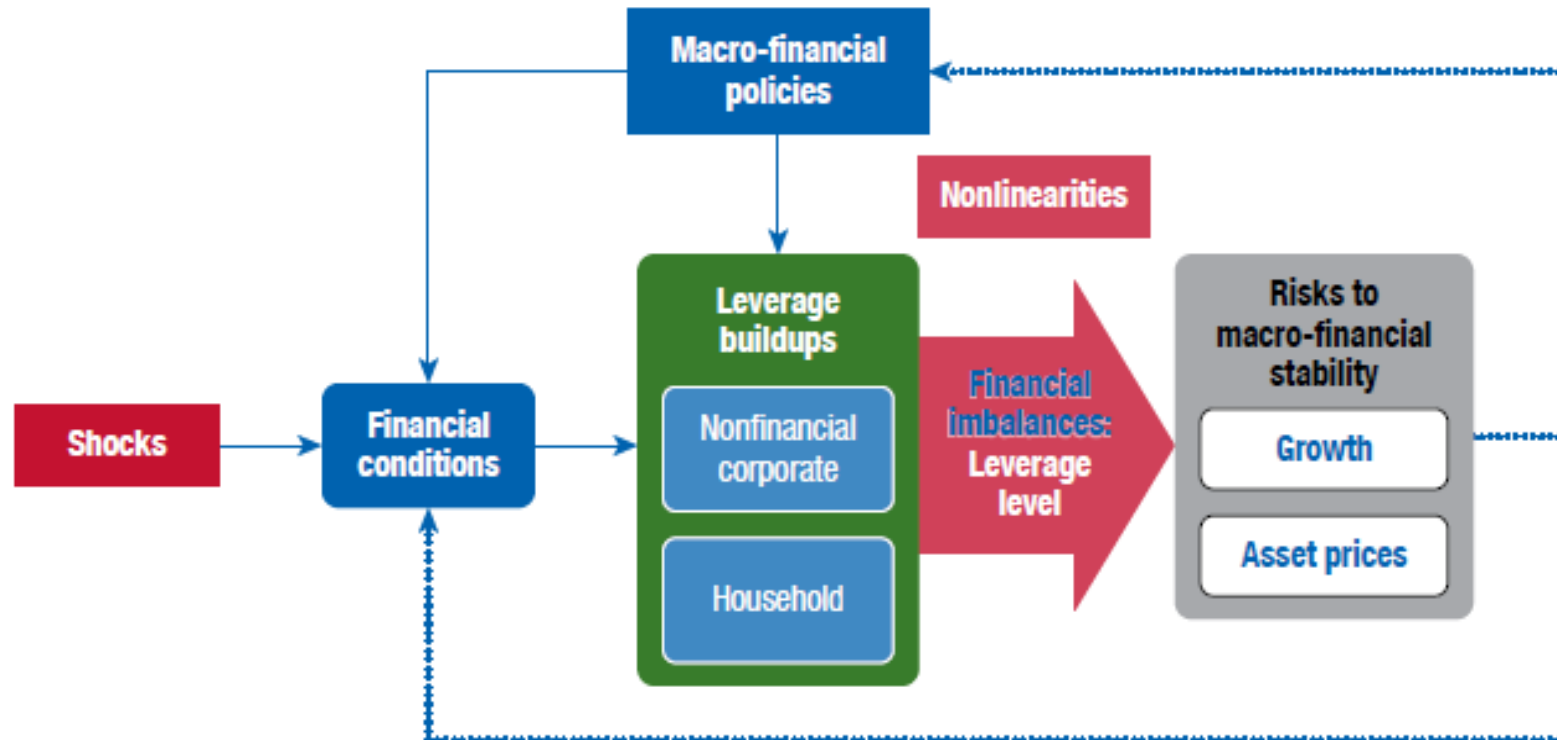
# Rise in public debt



Source: IMF, DBS

# Private sector balance sheet

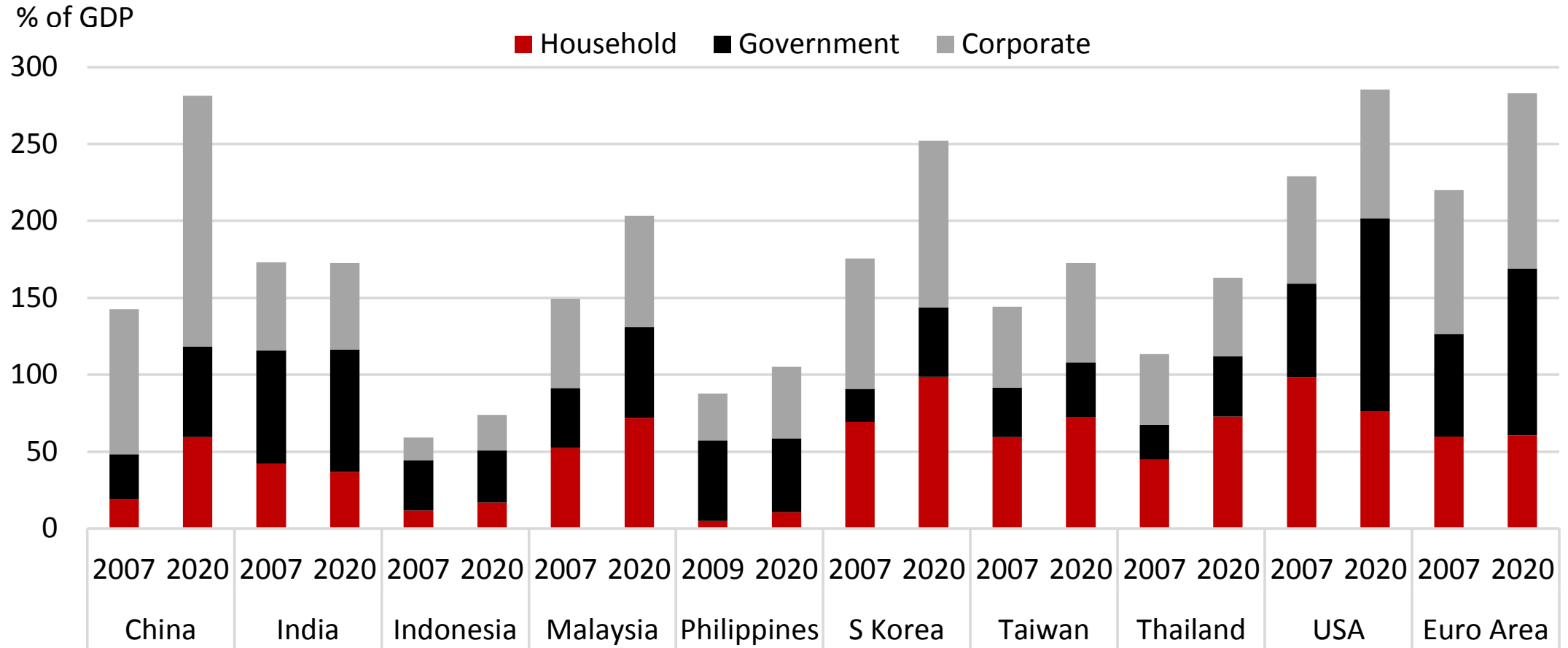
## Leverage as an Amplifier of Shocks



Source: IMF staff, based on Adrian and others 2019.

Note: "Nonlinearities" indicates that the impact of financial conditions on macro-financial stability may be amplified in the presence of elevated financial vulnerabilities, such as a high level of leverage.

# Private sector balance sheet



# Remedies

Recognise the forthcoming decline in  $y^*$ ,  $r^*$ , and  $u^*$

Recognise the limitation of conventional fiscal and monetary policies

Don't give up on globalisation, re-energise multilateralism

Embrace regional pacts, supply chains, and tech platforms

Consider higher taxes on wealth, especially property

Use technology to enhance public sector transfers and spending on growth-critical areas

### **GENERAL DISCLOSURE/ DISCLAIMER (For Macroeconomics, Currencies, Interest Rates)**

The information herein is published by DBS Bank Ltd and PT Bank DBS Indonesia (collectively, the “DBS Group”). It is based on information obtained from sources believed to be reliable, but the Group does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness for any particular purpose. Opinions expressed are subject to change without notice. Any recommendation contained herein does not have regard to the specific investment objectives, financial situation & the particular needs of any specific addressee. The information herein is published for the information of addressees only & is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate legal or financial advice. The Group, or any of its related companies or any individuals connected with the group accepts no liability for any direct, special, indirect, consequential, incidental damages or any other loss or damages of any kind arising from any use of the information herein (including any error, omission or misstatement herein, negligent or otherwise) or further communication thereof, even if the Group or any other person has been advised of the possibility thereof. The information herein is not to be construed as an offer or a solicitation of an offer to buy or sell any securities, futures, options or other financial instruments or to provide any investment advice or services. The Group & its associates, their directors, officers and/or employees may have positions or other interests & may affect transactions in securities mentioned herein & may also perform or seek to perform broking, investment banking & other banking or financial services for these companies. The information herein is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Sources for all charts & tables are CEIC & Bloomberg unless otherwise specified.

DBS Bank Ltd., 12 Marina Blvd, Marina Bay Financial Center Tower 3, Singapore 018982. Tel: 65-6878-8888. Company Registration No. 196800306E. DBS Bank Ltd., Hong Kong Branch, a company incorporated in Singapore with limited liability. 18<sup>th</sup> Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong.

PT Bank DBS Indonesia, DBS Bank Tower, 33rd floor, Ciputra World 1, Jalan Prof. Dr. Satrio Kav 3-5, Jakarta, 12940, Indonesia. Tel: 62-21-2988-4000. Company Registration No. 09.03.1.64.96422

# Between a rock and a hard place: Asia-pacific amid Sino-US tension

Le Xia, Chief Economist for Asia-Pacific, BBVA

August 2021

# China-US trade war put Asian economies in a straitjacket

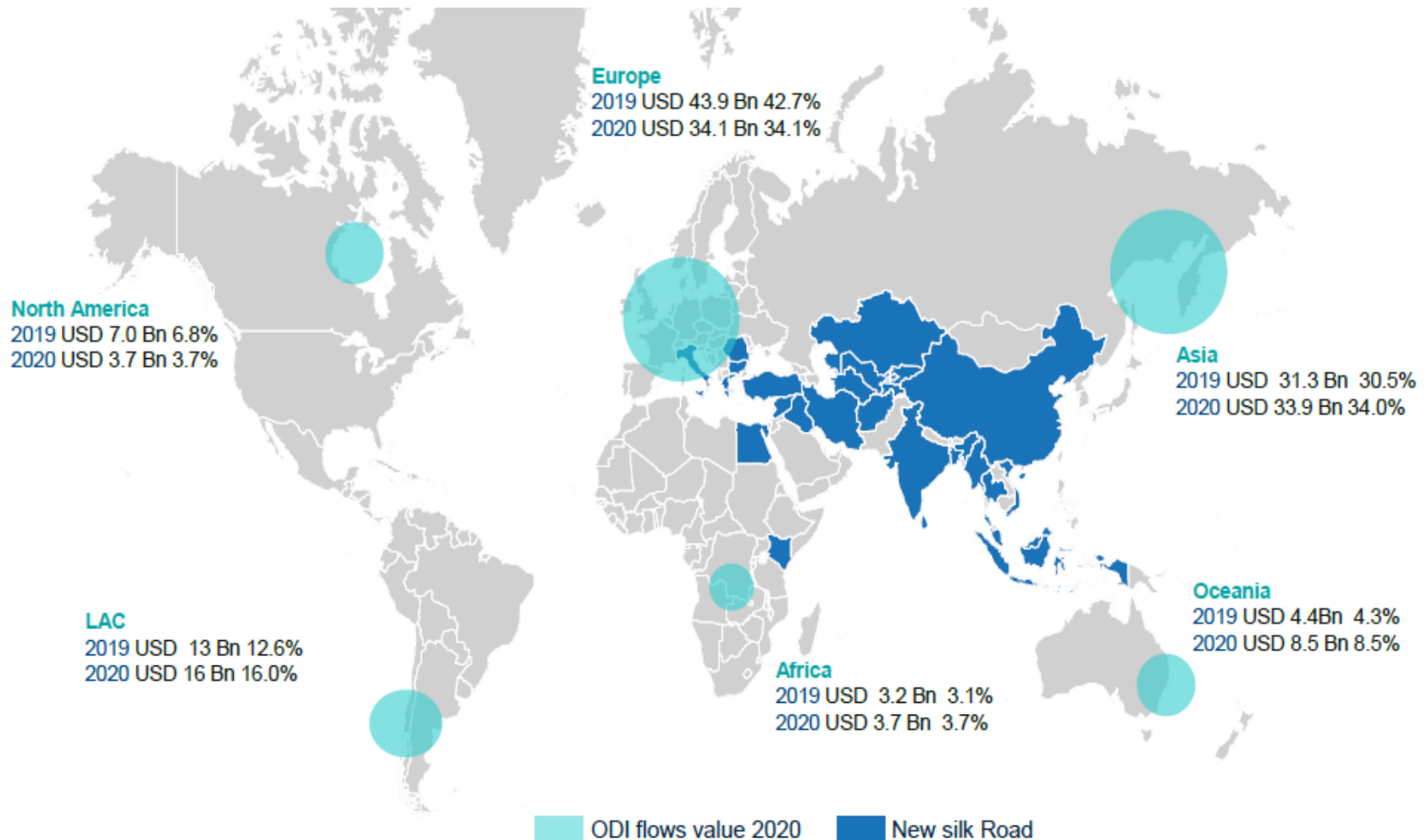
Many Asian Economies show a great trade dependence on China and the US

Export markets/ Import suppliers  Asia	China		US	
	Export	Import	Export	Import
Hong Kong	55.2 (1**)	44.8 (1)	8.10 (2)	--
Taiwan	28.0 (1)	19.3 (1)	11.6 (3)	11.7 (3)
Korea	26.8 (1)	19.9 (1)	12.1 (2)	11.0 (2)
Japan	19.5 (1)	22.4 (1)	19.1 (2)	10.8 (1)
India	5.10 (3)	14.5 (1)	16.0 (1)	6.50 (2)
Indonesia	15.1 (1)	23.7 (1)	10.3 (3)	--
Malaysia	14.5 (1)	20.1 (1)	8.80 (3)	7.10 (4)
Philippines	12.9 (4)	19.6 (1)	15.7 (1)	7.20 (4)
Singapore	12.3 (1)	13.4 (1)	--	11.4 (3)
Thailand	12.0 (1)	19.9 (1)	11.1 (2)	6.70 (3)
Vietnam	16.9 (3)	27.6 (1)	19.5 (1)	5.40 (4)

\* \*: The figures in the brackets stands for its ranking among all the trade partners

Source: CEIC and BBVA Research

# China's ODI flows tilted towards Asia during the pandemic



Note: The bubbles are indicative and do not exactly represent the size of ODI flows and stocks.

Source: AEI, MOFCOM and BBVA Research



# Financial linkages among the US, China and ASEAN

- The trade and investment linkages have been amply analysed and unanimously verified, but it begs the question of any significant impact of China's financial markets on ASEAN financial market and its comparison with that of the US.
- By analysing higher frequencies financial market data based on Sign Restriction SVAR model, we observe that equity markets in ASEAN are growingly synchronised with China, while the RMB exchange rate also shows strong synchronisation with ASEAN FX market. The synchronization between China and the ASEAN stock and FX markets are comparable with the US impact during tranquil time but less during the crisis time.
- For stock market spillover, worsening expectations of China's economic outlook, which does have a significantly impact on the economic outlook of Latam countries, particularly commodity exporters, as a result, also impacts ASEAN stock markets.
- For exchange rate market spillover, the risk of currency (mis)management which has the potential to trigger currency wars and beggar-thy-neighbour global dynamics, thus, ASEAN adjusts exchange rate to maintain export competitiveness.
- However, bonds in China show no co-movement with ASEAN bonds due to the closed capital account in China.

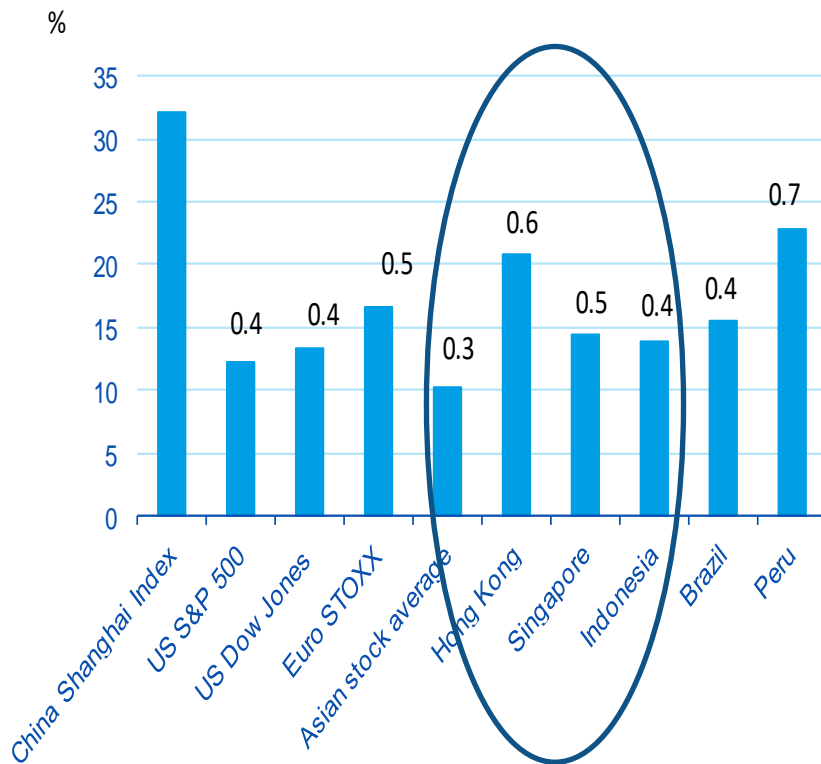
## References:

- (1) Dong He, Chang Shu, Jinyue Dong and Honglin Wang (2017), "Asian Financial Market Interactions with US and China", *Journal of International Money and Finance, Elsevier, vol.87 (C), page 112-132*;
- (2) Dong He, Chang Shu, Jinyue Dong and Honglin Wang (2015): "Asian Financial Market Interactions with US and China"; *Bank for International Settlements working paper and Hong Kong Monetary Authority working paper*; <https://www.bis.org/publ/work579.htm>
- (3) Jinyue Dong and Alejandro Neut (2016). *Economic Watch, BBVA "Global prominence of China's financial markets", April 7, 2016, BBVA Research*

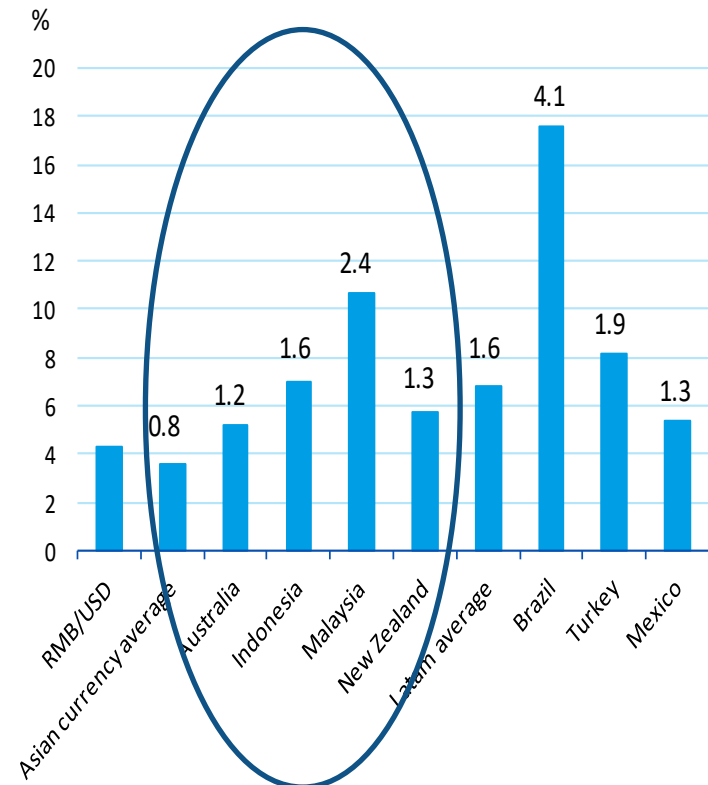


# Some stylized facts of China's financial markets linkages with ASEAN

**CHINA'S STOCK MARKET HAS STRONG SPILLOVER EFFECT TO ASEAN STOCK MARKET (Black figures indicate elasticity)**

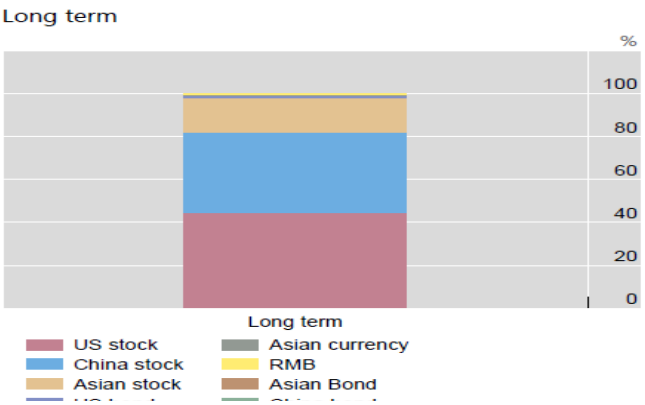
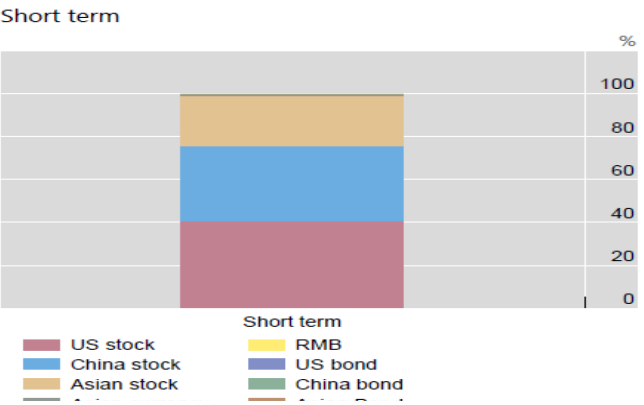


**RMB EXCHANGE RATE CHANGE ALSO TRIGGERED THE ASEAN FX MARKET VOLATILITIES (Black figures indicate elasticity)**



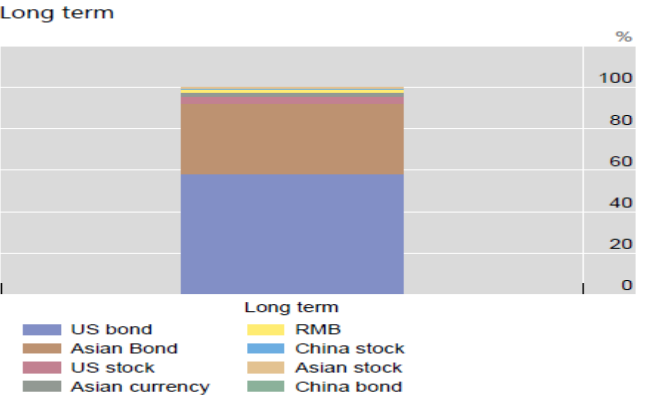
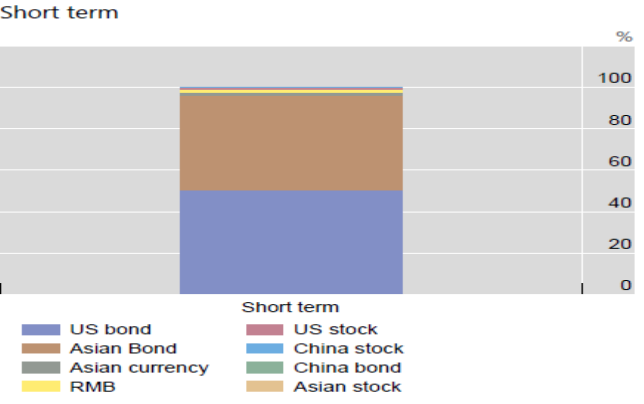
Asian stock market: variance decomposition

Graph 4



Asian bond market: variance decomposition

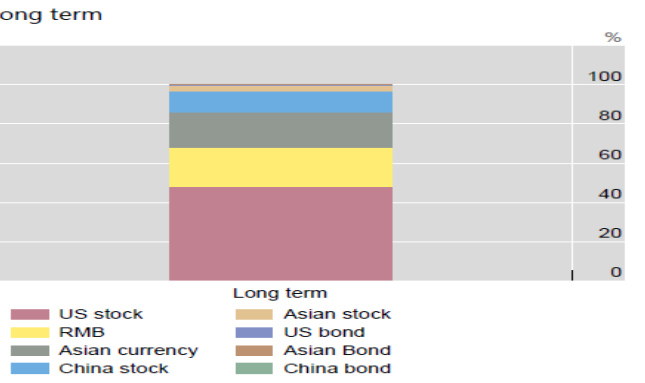
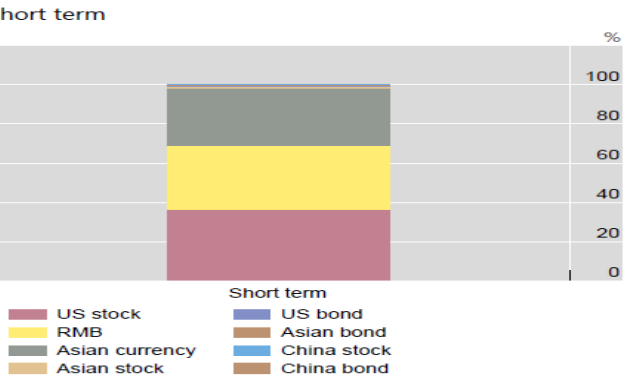
Graph 5



Source: authors' estimates.

Asian currency: variance decomposition

Graph 6



Source: authors' estimates.

## Sino-US relations: what's next?

- Key words from Biden Administration: “Compete, Confront, Cooperate”; “extreme compete”; “compete not conflict”
- US new strategies against China: emphasizing the value difference; trying to find more allies globally with similar value
- China's new strategies against US: selective “tit-for-tat”; separation between economy and geopolitics
- The change of China's attitudes towards the potential US allies: from “any one but the US” to “cut the tail to feed the dog”
- The extreme competition between China and the US could last as long as 15 years from now on: some triggers could change the situation, including (i) leadership change in China or the US; (ii) the change of relative power in economy or military capacity; or (iii) in face of a common threat.
- Which side will win the competition? Depending on which can better handle their domestic affairs

# Between a rock and a hard place: Asia-pacific amid Sino-US tension

Le Xia, Chief Economist for Asia-Pacific, BBVA

August 2021